CCT TECH INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00261)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

CHAIRMAN'S LETTER

On behalf of the board of directors (the "**Board**") of CCT Tech International Limited (the "**Company**"), I present herein the results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2011.

During the period under review, the Group achieved a turnover of $737 million, representing a 5.6% increase compared with the turnover of the corresponding period in 2010. Despite growth in revenue, the net loss increased substantially from approximately $4 million for the last corresponding period to approximately $40 million for the current period. The deterioration in result during the period is mainly attributable to (i) the decrease in gross margin and (ii) the increase in costs for the new global branded distribution business using General Electric ("**GE**")'s trademark on the Group's telephony products.

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 2011 (30 June 2010: nil).

REVIEW OF OPERATIONS

The ultimate holding company of the Company is CCT Telecom Holdings Limited ("**CCT Telecom**") where shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Despite a difficult operating environment, the Group posted a modest growth in turnover during the period. Traditional cordless phones remain our core products while new innovated products saw significant growth in revenue. Most of our sales are generated from original design manufacturing ("**ODM**") business. Europe remains the largest market of the Group and contributed approximately 61.7% of the Group's total turnover during the period. However, sales to Europe dropped by 20.5% led by reduced demand from one of our major European customers to reduce its inventory level. The Asian Pacific and other regions continue to be the Group's second largest market, contributed approximately 30.7% of the Group's total turnover. These regions outperformed other markets of the Group, achieving rise in revenue of 126.0% due to strong sales of the screen communication tablet in Australia, growth in sales of our GE telephony products in these regions and expansion of our business in the emerging markets like the People's Republic of China ("**PRC**" or "**China**"), Mexico and South America. The North American market contributed $56 million in turnover, more than doubled over the $26 million reported for the region in the corresponding period, as our newly designed GE telephony products started to generate revenue in the United States of America ("**US**"), which was our largest market until 2009. Although the US distribution company has achieved certain initial success, to relaunch the GE telephony products to several big box retailers, the progress of this new business is still lower than what we expected. This is caused by the hot sales of the iPhones which affect the traditional cordless phones, the high unemployment rate in US and the poor US consumer sentiment.

Amidst challenging operating environment, the contract manufacturing service ("**CMS**") delivered solid growth in revenue to approximately $35 million during the period, surged 191.7% as compared with $12 million in the previous corresponding period. CMS sales is forecast to rise for the second half as we expand product range and gain new CMS customers.

In the first half, our operations encountered many difficult challenges most of which were caused by uncontrollable external factors. Despite a modest growth in revenue, our result performance was adversely affected by a significant increase in the operating costs. Factory payroll including direct and indirect labor soared approximately 45% in the first half, fueled by increase in minimum wages and acute shortage of labor in the Guangdong Province. This was compounded with rising cost of materials, new charges imposed by local government, high inflation and appreciation in Renminbi ("**RMB**"), which caused negative impact on the Group's profitability in the first half. As a result, the Group's gross margin declined sharply from 7.6% in the last corresponding period to only 3.8% in the current period. In addition, the ramp up of the new branded distribution business is below expectation and has not yet reached a level to recover all the costs for start-up, product development, promotion and distribution of the GE telephony products worldwide. As a result, the global branded distribution business recorded a loss in the first half. These challenges pushed up the Group's net loss to $40 million in the current period, notwithstanding their impacts have been alleviated partly through improved operationally efficiency and tight cost measures.

We are strong in radio-frequency and broadband technologies and have invested substantially in product research and development ("**R&D**") activities. Our strong R&D capability continues to give us an edge in both existing and new product lines. During the period, we saw considerable growth in sales of the screen communication tablet with integrated home phone built on Linux technology with multi-functions including internet access, photos display, easy-to use touch big-screen operation and filled with music formats. It is also encouraging to see that the newly designed cordless phones with big buttons have also received warm market response, particularly from senior consumers. The new series of SOHO products designed for use in small and home offices have been developed and launched. Sales of the SOHO products are currently small but we believe these products will offer the Group opportunity for growth. We acquired the office premises in Shenzhen at the end of 2010. Since then, we consolidated our R&D centers previously scattered in Hong Kong, Singapore and the leased premises in Shenzhen into the newly acquired Shenzhen office premises and moved some of the procurement, personnel and administration functions and the marketing staff from our Hong Kong operating office to the new Shenzhen office in the current period. These initiatives have improved coordination and efficiency. We expect this strategic move will reduce operating costs in the long term. Furthermore, the acquisition of the Shenzhen properties has proven to be a good investment as their value has elevated by approximately 50% since our acquisition.

OUTLOOK

The global economic outlook remains highly uncertain. Unemployment remains high in most developed countries. The debt crises of Euro zone deepen as the risk of the credit rating of Spain and Italy being downgraded is increasing. Although the US Congress has passed the bill to raise debt ceiling and cut budget deficit to avoid debt default, the US credit rating has been downgraded by Standard & Poor from AAA to AA+ for the first time in history. The debt crises in Europe and US has prompted calamitous falls on world stock markets. The already sluggish economy in US and the Euro zone is expected to slow down further. This has renewed fear that these major economies are close to recession. The regional political instability in Libya and the Middle East has elevated the price of petroleum, which has exerted further pressure on costs. In Asia, Japan's economy has been seriously hit by the multiple disasters caused by the earthquake and the tsunami although its large-scale reconstruction efforts have helped to boost its economy. In the PRC, wages of labor are forecast to rise further. It is generally expected that China's credit tightening policy will work and inflation may stabilize and may ease a little bit in the second half. RMB is expected to continue to appreciate and there is sign that China's manufacturing activities are slowing down. All these uncertain factors will affect our business and will impact our profit margin in the future.

We plan for top line growth in the second half. We will strive to gain orders from existing ODM customers and expand our ODM business geographically. We will endeavour to ramp up sales of the GE telephony products in US as well other markets worldwide. However, we expect that progress of this new distribution business will be affected by the current weak consumer market and sluggish economy in US. The prospects for our CMS business look promising and we believe the business will become a key driver of growth for the Group in the future. We will enhance our CMS customer base and diversify our product range to audio, video and other consumer electronic products. We will continue to enhance our product offerings and our product mix to meet market expectation. We have developed a full range of broadband and advance products like Android OS based products with touch screen, DECT/CAT-iq, WiFi and Bluetooth. These new products will provide opportunity for future growth of the Group's business. On the cost side, we will continue to drive productivity and efficiency and implement measures to control cost. We have adjusted prices of some of our products in order to pass some of the cost increases to our customers with a view to improve our gross margin. We are cautiously optimistic about the future outlook of our telecom product business although we expect to encounter tough challenges go forward. With our resilient management team, we believe that the Group is well positioned to withstand the current difficult operating environment and will continue to make steady growth in business.

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, 29 August 2011

FINANCIAL REVIEW

HIGHLIGHTS ON FINANCIAL RESULTS

HK$ million	Six months ended 30 June **2011 (Unaudited)**	2010 (Unaudited)	% increase/ (decrease)
Turnover	**737**	698	5.6%
Gross profit	**28**	53	(47.2%)
Gross margin	**3.8%**	7.6%	(50.0%)
Loss before tax	**(39)**	(3)	1200.0%
Income tax expense	**(1)**	(1)	-
Loss for the period	**(40)**	(4)	900.0%

Discussion on Financial Results

For the six months ended 30 June 2011, the Group recorded a turnover of $737 million, representing a 5.6% increase over the $698 million for the last corresponding period. The loss for the current period jumped to $40 million from $4 million in the last corresponding period. The sharp rise in loss was mainly caused by the decrease in gross margin from previous corresponding period of 7.6% to current period of 3.8% and the start-up, development and distribution costs for the new global branded distribution business using GE's trademark on our telephony products.

ANALYSIS BY BUSINESS SEGMENT

	Turnover Six months ended 30 June		(Loss)/profit before tax Six months ended 30 June	
HK$ million	**2011 (Unaudited)**	2010 (Unaudited)	**2011 (Unaudited)**	2010 (Unaudited)
Telecom and electronic products	**737**	698	**(34)**	2

During the period under review, the Group's turnover and operating results continued to be derived from one single business segment which is the manufacture and sale of telecom and electronic products. Despite growth in turnover, the Group incurred an operating loss of approximately $34 million for the six months ended 30 June 2011 as compared to an operating profit of $2 million in previous corresponding period. The deterioration of the Group's result was mainly caused by the significant increase in production costs and the costs of the global branded distribution business.

ANALYSIS BY GEOGRAPHICAL SEGMENT

HK$ million	**Turnover Six months ended 30 June 2011 Amount (Unaudited)**	**2011 Relative %**	2010 Amount (Unaudited)	2010 Relative %	% increase/ (decrease)
Europe	**455**	**61.7%**	572	82.0%	(20.5%)
Asian Pacific and others	**226**	**30.7%**	100	14.3%	126.0%
North America	**56**	**7.6%**	26	3.7%	115.4%
Total	**737**	**100.0%**	698	100.0%	5.6%

European market remained the largest market of the Group during the period under review and contributed approximately 61.7% of the Group's total turnover. Sales to Europe dropped by 20.5% to $455 million in the current period as demand from one of our major customers decreased in order to reduce its inventory level. The Group's business in the Asian Pacific and other regions, however, rose significantly by 126.0% to $226 million, contributing 30.7% to the Group's total turnover. The increase in business in these regions, exceeding the drop in revenue in Europe, was mainly generated from strong growth of sales of the screen communication product in Australia, increased sales of GE telephony products in these regions and expansion of our business in the emerging markets. North American market registered rise of turnover of 115.4% to $56 million and contributed 7.6% to the Group's total turnover, mainly attributable to the new GE branded distribution business which started to generate revenue in US in the first half.

HIGHLIGHTS ON SIGNIFICANT MOVEMENT OF FINANCIAL POSITION

HK$ million	**30 June 2011 (Unaudited)**	31 December 2010 (Audited)	% increase/ (decrease)
Inventories	**133**	92	44.6%
Trade receivables	**337**	385	(12.5%)
Pledged time deposits	**207**	83	149.4%
Cash and cash equivalents	**255**	388	(34.3%)
Current and non-current interest-bearing bank and other borrowings	**448**	389	15.2%
Equity attributable to owners of the parent	**673**	713	(5.6%)

Discussion on Financial Position

Inventory increased by 44.6% as raw materials were accumulated to prepare for increase in production during peak season in the second half and for production of GE telephony products. However, the inventory turnover period of the Group for the period maintained at a healthy level of only 28.7 days (31 December 2010: 19.9 days).

Trade receivables of the Group amounted to $337 million as at 30 June 2011, a decrease of 12.5% from $385 million as at 31 December 2010, indicating improved management in trade debt collection.

Pledged time deposits rose from $83 million as at 31 December 2010 to $207 million as at 30 June 2011 due to increase in deposits pledged to secure additional banking facilities. Of the pledged deposits, a total amount of $124 million (equivalent to RMB102 million) deposits are denominated in RMB which have been pledged to a banker to secure equivalent amount of Hong Kong dollar loans. Under such arrangement which is aimed at hedging RMB appreciation risk, the Group is entitled to benefit from RMB appreciation whilst the Group can continue to use the funds for business purpose.

Cash and cash equivalents dropped by 34.3% to approximately $255 million as at 30 June 2011. The net decrease in cash and bank balance represents net cash used for operations and the net repayment of working-capital bank loans in the first half.

The aggregate amount of the current and non-current interest-bearing bank and other borrowings increased from approximately $389 million as at 31 December 2010 to approximately $448 million as at 30 June 2011, up 15.2%. The net increase of the bank borrowings represents additional bank loans borrowed for arrangements to hedge RMB exposure less net repayment of working-capital bank loans during the period.

Equity attributable to owners of the parent dropped 5.6% from $713 million as at 31 December 2010 to $673 million as at 30 June 2011 due primarily to the loss attributable to the owners of the parent in the first half of 2011.

CAPITAL STRUCTURE AND GEARING RATIO

	30 June 2011		31 December 2010	
HK$ million	**Amount (Unaudited)**	**Relative %**	Amount (Audited)	Relative %
Bank borrowings	**448**	**40.0%**	388	35.2%
Finance lease payable	**-**	**-**	1	0.1%
Total borrowings	**448**	**40.0%**	389	35.3%
Equity	**673**	**60.0%**	713	64.7%
Total capital employed	**1,121**	**100.0%**	1,102	100.0%

The Group's gearing ratio increased to 40.0% as at 30 June 2011 (31 December 2010: 35.3%) as a result of net increase of the bank borrowings during the period. After taking into account the cash on hand, the Group did not have any net borrowings, indicating that the Group's financial position remains healthy.

The Group's outstanding bank and other borrowings amounted to approximately $448 million as at 30 June 2011 (31 December 2010: $389 million). As at 30 June 2011, the maturity profile of the Group's bank and other borrowings falling due within one year, in the second to the fifth year and in the sixth to the tenth year amounted to $334 million, $84 million and $30 million respectively (31 December 2010: $264 million, $82 million and $43 million 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 2011 (Unaudited)**	31 December 2010 (Audited)
Current assets	**1,065**	1,077
Current liabilities	**876**	858
Current ratio	**121.6%**	125.5%

Current ratio as at 30 June 2011 maintained at a healthy level of 121.6% (31 December 2010: 125.5%). Among the total cash balance of $462 million, approximately $207 million (31 December 2010: $83 million) was pledged for general banking facilities and for arrangement of hedging RMB appreciation.

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

CAPITAL COMMITMENTS

As at 30 June 2011, capital commitment of the Group amounted to approximately $3 million (31 December 2010: $9 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 RMB and some made in Euro. Cash was generally placed in short-term deposits denominated in Hong Kong dollar, US dollar and RMB. As at 30 June 2011, the Group's borrowings were mainly denominated in Hong Kong dollar, US dollar and RMB and interest on the borrowings was principally determined on a floating rate basis.

The objective of the Group's treasury policies is to minimize 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 RMB in terms of the production costs (including workers' wages and overheads) 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 RMB exposure, as wages and overheads in our factories in the PRC are paid in RMB, our production costs will rise due to the further appreciation of RMB. During the period, we converted some of surplus funds from Hong Kong dollars to RMB. So far, we have accumulated approximately RMB102 million in cash and the RMB so converted has been placed on short-term deposits to secure equivalent amount of Hong Kong dollar loan. As we will be entitled to the exchange gain that may be generated from future appreciation of the RMB deposits, we consider such initiative is an effective way to hedge some of our exposure against RMB appreciation.

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 2011 (31 December 2010: Nil).

PLEDGE OF ASSETS

As at 30 June 2011, certain of the Group's assets with net book value of $437 million (31 December 2010: $468 million) and time deposits of approximately $207 million (31 December 2010: $83 million) were pledged to secure general banking facilities granted to the Group and for hedging RMB exposure.

CONTINGENT LIABILITIES

As at 30 June 2011, 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 2011 was 5,371 (31 December 2010: 4,685). The Group's remuneration policy is built on the principle of equitable, 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 2011, there were outstanding share options of approximately 600,000,000 (31 December 2010: 600,000,000).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company during the period for the six months ended 30 June 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Corporate Governance Practices

In the opinion of the directors of the Company, the Company has complied with the code provisions under the Code on Corporate Governance Practices (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the period for the six months ended 30 June 2011, except for the following deviations from the code provisions of the CG Code:

(1) A.2.1: the roles of chairman and chief executive officer should be separate;

(2) A.4.1: non-executive directors should be appointed for a specific term; and

(3) A.4.2: all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director should be subject to retirement by rotation at least once every three years.

Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company have been disclosed in the corporate governance report contained in the 2010 Annual Report of the Company issued in April 2011 and will be disclosed in the 2011 Interim Report of the Company, which will be despatched to the shareholders of the Company on or before 30 September 2011.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The 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 independent non-executive directors (the "**INED(s)**"), 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 Audit Committee is currently chaired by Mr. Lau Ho Kit, Ivan who is an INED.

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2011.

Remuneration Committee

The Company has established a remuneration committee (the "**Remuneration Committee**") with specific written terms of reference in line with the code provisions under the CG Code. The Remuneration Committee consists of five members comprising three INEDs, namely Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Chen Li, and two executive directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee is currently chaired by Mr. Chow Siu Ngor who is an INED.

Model Code for Securities Transactions by the Directors of the Company

The Company has adopted its code of conduct regarding the securities transactions by the directors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the period for the six months ended 30 June 2011.

Independent Non-executive Directors of the Company

The Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications or accounting or related financial management expertise throughout the period for the six months ended 30 June 2011. 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.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2011 INTERIM REPORT

This interim results announcement is published on the websites of the Company at www.cct-tech.com.hk and the Stock Exchange at www.hkexnews.hk. The 2011 Interim Report of the Company will be despatched to the shareholders of the Company in the manner as required by the Listing Rules and made available on the websites of the Company and the Stock Exchange in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company 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, 29 August 2011

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 2011 together with the comparative figures for the corresponding period in 2010 as follows:

Condensed Consolidated Income Statement

For the six months ended 30 June 2011

HK$ million	*Notes*	Six months ended 30 June **2011** **(Unaudited)**	 2010 (Unaudited)
REVENUE	*3*	**737**	698
Cost of sales		**(709)**	(645)
Gross profit		**28**	53
Other income and gains		**17**	17
Selling and distribution costs		**(24)**	(13)
Administrative expenses		**(55)**	(53)
Other expenses		**-**	(3)
Finance costs		**(5)**	(4)
LOSS BEFORE TAX	*4*	**(39)**	(3)
Income tax expense	*5*	**(1)**	(1)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**(40)**	(4)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
Basic		**(HK0.06 cent)**	(HK0.01 cent)
Diluted		**(HK0.06 cent)**	(HK0.01 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 2011

HK$ million	**Six months ended 30 June** **2011** **(Unaudited)**	2010 (Unaudited)
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	**(40)**	(4)

Condensed Consolidated Statement of Financial Position

30 June 2011

HK$ million	*Notes*	**30 June 2011 (Unaudited)**	31 December 2010 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**333**	344
Investment properties		**178**	178
Prepaid land lease payments		**67**	69
Prepayments for acquisition of property, plant and equipment		**-**	8
Goodwill		**22**	22
Total non-current assets		**600**	621
Current assets			
Inventories		**133**	92
Non-current assets held for sale		**-**	70
Trade receivables	*9*	**337**	385
Prepayments, deposits and other receivables		**133**	59
Pledged time deposits		**207**	83
Cash and cash equivalents		**255**	388
Total current assets		**1,065**	1,077
Total assets		**1,665**	1,698
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital		**654**	654
Reserves		**19**	59
Total equity		**673**	713
Non-current liabilities			
Interest-bearing bank and other borrowings		**114**	125
Deferred tax liabilities		**2**	2
Total non-current liabilities		**116**	127
Current liabilities			
Trade and bills payables	*10*	**411**	456
Tax payable		**10**	9
Other payables and accruals		**121**	129
Interest-bearing bank and other borrowings		**334**	264
Total current liabilities		**876**	858
Total liabilities		**992**	985
Total equity and liabilities		**1,665**	1,698
Net current assets		**189**	219
Total assets less current liabilities		**789**	840

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 2010 (the "**2010 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 2010 Annual Report.

The following new and revised HKFRSs have been adopted by the Company with effect from 1 January 2011. The adoption of the new and revised HKFRSs does not have any significant financial effect on the interim financial statements.

HKFRSs (Amendments)	*Improvements to HKFRSs 2010*
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

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 non-current assets held for sale, 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 2011 and 2010 is presented as below:

HK$ million	**Telecom and electronic products**		**Reconciliations**		**Group total**	
	2011 (Unaudited)	2010 (Unaudited)	**2011 (Unaudited)**	2010 (Unaudited)	**2011 (Unaudited)**	2010 (Unaudited)
Segment revenue:						
Revenue from external customers	**737**	698	**-**	-	**737**	698
Operating (loss)/profit	**(30)**	5	**-**	-	**(30)**	5
Interest income	**1**	1	**-**	-	**1**	1
Finance costs	**(5)**	(4)	**-**	-	**(5)**	(4)
Reconciled item:						
Corporate and other unallocated expenses	**-**	-	**(5)**	(5)	**(5)**	(5)
(Loss)/profit before tax	**(34)**	2	**(5)**	(5)	**(39)**	(3)
Other segment information:						
Expenditure for non-current assets	**15**	9	**-**	-	**15**	9
Depreciation and amortisation	**(25)**	(27)	**-**	-	**(25)**	(27)
Other material non-cash item:						
Net impairment of trade receivables	**-**	(3)	**-**	-	**-**	(3)

HK$ million	Telecom and electronic products 30 June 2011 (Unaudited)	31 December 2010 (Audited)	Reconciliations 30 June 2011 (Unaudited)	31 December 2010 (Audited)	Group total 30 June 2011 (Unaudited)	31 December 2010 (Audited)
Segment assets	**1,655**	1,614	**-**	-	**1,655**	1,614
Reconciled items:						
Non-current assets held for sale	-	-	**-**	70	**-**	70
Corporate and other unallocated assets	-	-	**10**	14	**10**	14
Total assets	**1,655**	1,614	**10**	84	**1,665**	1,698
Segment liabilities	**980**	973	**-**	-	**980**	973
Reconciled item:						
Corporate and other unallocated liabilities	**-**	-	**12**	12	**12**	12
Total liabilities	**980**	973	**12**	12	**992**	985

Geographical information

(a) *Revenue from external customers*

HK$ million	Six months ended 30 June 2011 (Unaudited)	2010 (Unaudited)
Europe	**455**	572
Asian Pacific and others	**226**	100
North America	**56**	26
	737	698

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 2011 (Unaudited)	31 December 2010 (Audited)
Hong Kong	**45**	43
Mainland China	**554**	577
Other countries	**1**	1
	600	621

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

Information about major customers

For the six months ended 30 June 2011, revenue from each of three major customers of the telecom and electronic products segment was HK$220 million, HK$212 million and HK$92 million respectively, representing 30%, 29% and 12% of the Group's total revenue, respectively.

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.

4. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2011	2010
HK$ million	**(Unaudited)**	(Unaudited)
Cost of inventories sold	**709**	645
Depreciation	**24**	26
Amortisation of prepaid land lease payments	**1**	1

5. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for the six months ended 30 June 2011 as the Group had no profits chargeable to Hong Kong profits tax during that period whereas Hong Kong profits tax has been provided at the rate of 16.5% for the corresponding period in 2010. 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	
	2011	2010
HK$ million	**(Unaudited)**	(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 2011 (30 June 2010: 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$40 million (30 June 2010: HK$4 million), and the weighted average number of 65,413,993,990 (30 June 2010: 65,413,993,990) ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2011 and 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 amounts presented.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired fixed assets of approximately HK$15 million (six months ended 30 June 2010: HK$9 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 2011 (Unaudited)		31 December 2010 (Audited)	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**153**	**46**	131	34
31 to 60 days	**105**	**31**	126	33
61 to 90 days	**75**	**22**	114	30
Over 90 days	**4**	**1**	14	3
	337	**100**	385	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 2011 (Unaudited)		31 December 2010 (Audited)	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**152**	**37**	112	25
31 to 60 days	**84**	**20**	122	27
61 to 90 days	**82**	**20**	70	15
Over 90 days	**93**	**23**	152	33
	411	**100**	456	100

Included in the trade and bills payables are trade payables of HK$50 million (31 December 2010: 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.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its publication and will be published and remains on the website of the Company at www.cct-tech.com.hk.