



**CCF** FORTIS

中建富通集團有限公司

Stock Code : 138

**2016**



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# chairman's statement

On behalf of the board of directors of the Company, I report the interim results of the Group for the six months ended 30 June 2016.

In the first half of 2016, we continued to deliver strong results. During the period, reported revenue was HK\$416 million, rose 32.5% compared with the corresponding period in 2015. Net profit attributable to owners of the parent was HK\$137 million, as opposed to the net loss of HK\$18 million for the comparable period in last year. The solid results was primarily attributable to the satisfactory performance of the Group's securities business.

## **INTERIM DIVIDEND**

The Company has declared an interim dividend of HK\$0.035 per share for 2016 (interim 2015: HK\$0.03 per share) to be payable from the Company's distributable reserves. The interim dividend of HK\$0.035 per share will be payable on Thursday, 29 September 2016 to the shareholders whose names appear on the register of members of the Company on Wednesday, 14 September 2016.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 12 September 2016 to Wednesday, 14 September 2016 (both days inclusive), during which period no transfer of share(s) will be effected. In order to qualify for the interim dividend of HK\$0.035 per share, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Friday, 9 September 2016.

## **BUSINESS REVIEW**

The Group's diversified businesses comprise array of businesses in property development, trading and investment, securities trading, multi-faceted automotive business, cultural entertainment business, and plastic component operations.



## PROPERTY BUSINESSES

### (1) Property development and trading in Hong Kong

The residential market in Hong Kong remained challenging. Market sentiments have cooled down, especially on the small- to medium-sized flats, with secondary market declined to a subdued level. The Hong Kong retail property sector also faced increasing difficulties, with retail sales continued to move downward, largely because of fall in tourism, due to slowdown of Chinese visitors. The office property market was stable in the period and prices of office buildings stayed firm.

In the first half of 2016, the Group's trading property portfolio comprised the five street-level shops with all the car parking spaces on ground floor of a property located in Kennedy Town, Sai Wan (the "**Sai Wan Property**") and the two consecutive floors of retail property on No. 8 Russell Street (the "**Russell Street Property**"), located in the center of the busiest shopping and tourist area of Causeway Bay.

Since acquisition, most of the Sai Wan Property has been rented out to new tenants at much higher rent than the old rental. As the Sai Wan Property caters for local consumption rather than tourists, its rental income and valuation was not affected by the downturn of the retail market. The fall in tourism has, however, adversely affected the retail property market in Causeway Bay. The management is still optimistic in the long term prospect of the Russell Street Property because of its excellent location and good quality.

In the absence of disposal of any property project in the current period, the property segment incurred an EBIT loss of HK\$40 million, mainly as a result of impairment loss on the Russell Street Property, operating costs and administrative expenses.

### (2) Property investment and holding

In the first half of 2016, our diversified portfolio of investment properties comprised luxury residential houses, office properties, retail properties and car parks, all of which are located in Hong Kong. As the Directors are confident in the luxury residential market, in the first half of the year, the Company has acquired from Mr. Mak the entire issued capital of two groups of companies which hold the two houses at House 38 and House 39, 56 Repulse Bay Road, Hong Kong at the share consideration of HK\$250,200,000, which was satisfied by the issue of the 2024 Convertible Bonds by the Company. House 38 and House 39 are situated right on the top of House 36 and House 37, which have been held by the Group for many years. The acquisition enables the Group to combine and consolidate the ownership of all four houses together into a single huge block of luxury house complex of supreme quality and large space, which is located in one of the most prestigious residential areas in Hong Kong. The acquisition is considered wise and is expected to enhance the overall value of all four houses together.



Because of the diversity of our property portfolio, the performance of our investment property operations was less impacted by the downturn of the property market. During the period, rental income increased to HK\$7 million, up 16.7% compared with the corresponding reporting period, due to rental reversions and new leases. During the period, the investment property segment recorded EBIT loss of HK\$21 million, primarily because of fair value loss of HK\$24 million arising from revaluation of the investment properties, as opposed to an EBIT profit of HK\$16 million in the equivalent period last year, mainly attributable to fair value gains of HK\$16 million recorded in the last corresponding period.

## **SECURITIES BUSINESS**

The Group's securities business continued to deliver solid results in the half-year to 30 June 2016. This business unit remained the key driver to the Group's revenue and earnings in the current period, contributing EBIT earnings of HK\$255 million, surged 1,175%, as compared with the comparative figure of HK\$20 million. The surge in EBIT earnings was derived from disposal gains and fair value gains of the shares and CCT Land Convertible Bonds, held by the Group for trading purpose.

As at 30 June 2016, the securities portfolio of the Group comprised mainly 14,000,000,000 CCT Land Shares and the CCT Land Convertible Bonds with principal amount of HK\$495,671,000, convertible at the conversion price of HK\$0.01 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds) into 49,567,100,000 CCT Land Shares. We are optimistic in the share price performance of CCT Land and expect that the securities unit will continue to be one of the key driver to the Group's revenue and profitability going forward.

## **BLACKBIRD AUTOMOTIVE BUSINESS**

The Blackbird Automotive Group principally carries on the classic car trading and logistic business and classic car investment.

The management is very pleased with the Blackbird Automotive Group's rapid development of its multi-faceted automotive business, which was established in 2014. In the period under review, Blackbird Automotive Group continued to revolve and expand around the restoration and service, investment, trading and general business of both modern and classic cars, together with vehicle transportation services.

During the period ended 30 June 2016, the classic car trading business recorded sales of classic and new cars to local collectors and overseas customers. These cars were procured from overseas and these transactions resulted in satisfactory returns. Furthermore, the classic car trading business expects to complete the higher sales during the second half of the year. These represent a combination of Blackbird's own inventory and consignment sales on behalf of clients.



In addition, our classic car investment business has made further classic cars investment during the period ended 30 June 2016. The management expects that these investments have sound potential for future appreciation and profitability contribution to the Blackbird Automotive Group.

The company's logistics business has performed well during the period with a good operating margin. New contracts were achieved with a number of automotive clients in Hong Kong, with further opportunities under discussion. During the first six months of the year, the business transported cars principally on behalf of local importers, distributors, dealers, and roadside assistance. Compared with the same period in 2015, the order volume represented an encouraging increase of over 60%.

Equipped with one-stop service centre, this supports us to provide a full range of automotive services including restoration, maintenance, detailing, paint and body shops and a dedicated vehicle storage area. In the first half of the year, the Blackbird Group has acquired an industrial property in Chai Wan with a gross floor area of approximately 20,390 square feet. This property will be used as corporate head office for the rapid-growing Blackbird Group.

#### **BLACKBIRD MULTI-MEDIA BUSINESS**

Alongside with our traditional printing media titles, the company will also focus our investment on various digital platforms including e-commerce and will diversify into the rapid-growing mobile game sector. In the first six months of the year, it has licensed the first mobile game entitled "**LEGEND OF ASTERIA**", which is a role-play game developed by a Korean developer. This game won the first place in the Korean Game Creation Audition RPG category in 2015 and is expected to attract strong market attention. This game will be launched to the market in the second half of the year. More mobile games are being developed in the pipelines and will be rolled out in the future.

#### **CULTURAL ENTERTAINMENT GROUP**

Established in 2015, the Cultural Entertainment Group has set a strong foothold in the fast-growing cultural entertainment business sector. The Group's film operations, comprising production, investment and distribution of films, has invested in a film cast by popular artists, with guaranteed return of investment cost from the production company. In addition, the film unit is in the process of forming a joint venture with a large cultural entertainment group in Hong Kong, of which we will take a leading management role in the production and distribution of a high-budget film in Chinese language. This planned new film has already attracted strong interest from film investors from China.



During the period, the Cultural Entertainment Group has diversified into the entertainment event production services by acquiring 70% shareholding in AHM Engineering Company Limited for a consideration of HK\$61,540,000. AHM is engaged in the hiring and installing of lighting and audio equipment and provision of services to customers for concerts and other entertainment events. The company is a leader in this business sector and enjoys strong growth in revenue and earnings. The vendor of the AHM, which will continue to manage the business, has provided profit guarantee of not less than HK\$16,000,000 for the year ending 31 March 2017.

## **MANUFACTURING OF PLASTIC COMPONENTS**

Most of the plastic components produced by this department are supplied to the CCT Tech Group (which is the manufacturing arm of the CCT Land Group) for manufacture of telecom and child products.

In the period under review, revenue from component sales continued to fall but the downtrend has slowed down. Revenue for the period was HK\$40 million, representing a period-on-period decrease of 13%, largely because of the decline in product sales of the CCT Tech Group. In the first half of 2016, the components department incurred EBIT loss of HK\$10 million, decreased 50% or HK\$10 million from the corresponding period last year, due to improvement in efficiency and cost savings.

## **OUTLOOK**

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

We are optimistic about the Hong Kong property market in the long run, although the residential and retail market will continue to face challenges in the short term. Our diversified property portfolio with investment weighted in the outperformed luxury property market will make us more resilient during the current challenging situation. We will continue to explore proposals to further enhance the rental yield and value of our properties. We will capitalise our strength in the property sector in managing these properties. We expect our property portfolio will deliver higher rental income and value appreciation as the market recovers in the future.

It is expected that our securities operations will continue to deliver satisfactory results. We will closely monitor the stock market and our trading securities holdings and will enter into securities transactions in response to market situation and price movements. Our objective is to maximize returns. With our expertise and our strong resources, we intend to pursue investments in start-ups projects and high-growth sector with good business potentials.



The Board is very happy with the performance of Blackbird Automotive Group's classic car trading and investment and car logistic operations. We maintain our firm commitment to grow the Group's multi-faceted automotive operations into a worldwide leader in the region. Blackbird Automotive Group will continue to explore opportunities to expand and grow its business, both vertically and horizontally. We are optimistic about the prospects of Blackbird's new automotive operations, together with further expansion of our vehicle transportation business, and expect that the company will deliver strong growth in revenue, profit and cash flow in coming years for the benefit of the Group.

We have seen a very rapid pace of development of the film and cultural entertainment industries in the PRC and we believe that this business sector has excellent prospects and enormous growth potentials. The Group is committed to grow and expand the cultural entertaining venture, both in film operations and the entertainment event production services.

It was announced in the joint announcement of the Company and CCT Land dated 3 August, 2016 that the Company has conditionally agreed to acquire the Child Product Trading Business from CCT Land and that the Group intends to enter into the e-commerce business for trading of child products. The Company believes that this new venture has good prospects and huge growth potential.

#### **APPRECIATION**

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

**Mak Shiu Tong, Clement**

*Chairman*

Hong Kong, 26 August 2016





# financial review

## OVERVIEW OF FIRST HALF 2016 FINANCIAL RESULTS

HK\$ million	Six months ended 30 June		
	2016 (Unaudited)	2015 (Unaudited)	% increase/ (decrease)
Revenue	416	314	32.5%
Profit/(loss) before tax	139	(18)	N/A
Income tax expense	–	–	–
Profit/(loss) for the period	139	(18)	N/A
Attributable to			
– Owners of the parent	137	(18)	N/A
– Non-controlling interests	2	–	N/A
<b>Profit/(loss) for the period</b>	<b>139</b>	<b>(18)</b>	<b>N/A</b>
Earnings/(loss) per share attributable to ordinary equity holder of the parent			
– Basic	HK\$0.165	(HK\$0.022)	N/A
– Diluted	HK\$0.165	(HK\$0.022)	N/A
Dividend per share	HK\$0.035	HK\$0.03	16.7%

### Review on Financial Results

The Group's revenue was HK\$416 million for the six months ended 30 June 2016, rose by 32.5% as compared with HK\$314 million for the equivalent period in 2015. The rise in revenue was primarily because of the increase in revenue contribution from the securities business. Net profit attributable to owners of the parent was HK\$137 million, primarily derived from the securities business as compared with the net loss HK\$18 million for the equivalent period in last year. Net profit of HK\$2 million attributable to non-controlling interests, represented share of net profit by the minority shareholder of AHM.



**ANALYSIS BY BUSINESS SEGMENT**

HK\$ million	Revenue for the six months ended 30 June				
	2016		2015		% increase/ (decrease)
	Amount (Unaudited)	Relative %	Amount (Unaudited)	Relative %	
Property development and trading in Hong Kong	–	0.0%	–	0.0%	N/A
Property investment and holding	7	1.7%	6	1.9%	16.7%
Securities business	273	65.6%	189	60.2%	44.4%
Classic car trading and logistic business	40	9.6%	72	22.9%	(44.4%)
Investment in classic cars	–	0.0%	–	0.0%	N/A
Film operations	–	0.0%	–	0.0%	N/A
Event production operations	36	8.7%	–	0.0%	N/A
Components business	40	9.6%	46	14.7%	(13.0%)
Other operations	20	4.8%	1	0.3%	1,900.0%
<b>Total</b>	<b>416</b>	<b>100.0%</b>	<b>314</b>	<b>100.0%</b>	<b>32.5%</b>

HK\$ million	Operating profit/(loss) for the six months ended 30 June		
	2016 (Unaudited)	2015 (Unaudited)	% increase/ (decrease)
Property development and trading in Hong Kong	(40)	(6)	566.7%
Property investment and holding	(21)	16	N/A
Securities business	255	20	1,175.0%
Classic car trading and logistic business	1	(1)	N/A
Investment in classic cars	(1)	–	N/A
Film operations	–	–	N/A
Event production operations	4	–	N/A
Components business	(10)	(20)	(50.0%)
Other operations	(26)	(8)	225.0%
<b>Total</b>	<b>162</b>	<b>1</b>	<b>16,100.0%</b>

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



In the absence of any property sales during the period, the property development and trading business incurred EBIT loss of HK\$40 million, rose 566.7% as compared with the loss of HK\$6 million in the 2015 corresponding period. The surge in the unit's operation loss was mainly due to impairment loss of HK\$32 million (classified as other expenses in the profit and loss account) on trading properties as a result of downturn in the retail market, coupled with operating and administration expenses incurred during the period.

The performance of the property investment unit was also affected by softened property market. Although rental income increased by 16.7% to HK\$7 million, the investment property operations reported an EBIT loss of HK\$21 million in the current period, as compared with an operating profit of HK\$16 million in the comparable period of 2015. This unfavourable change in EBIT was primarily caused by the fair value loss of HK\$24 million on investment properties (included in the other expenses of the profit and loss account) in the current period, whereas fair value gains of HK\$16 million were recorded in the last equivalent period.

The Group's securities business continued to deliver solid results. This business unit achieved revenue of HK\$273 million, representing 65.6% of the Group's total revenue and contributing a strong operating profit of HK\$255 million for the current period, representing remarkable increase of 1,175% from the operating profit of HK\$20 million for the last equivalent period. The strong results of the securities unit was primarily driven by the securities disposal gains and fair value changes of its securities portfolio, which mainly comprised the Group's holdings of CCT Land Shares and the CCT Land Convertible Bonds. The Group expects that the securities business will continue to deliver satisfactory results, as it is optimistic in the share price performance of CCT Land.

Affected by slowing global economy, sales of classic cars decreased, which led to fall in the segmental revenue of the car trading and logistics operations by 44.4% to HK\$40 million, representing 9.6% of the Group's total revenue. EBIT profit attributable to this unit was HK\$1 million (first half of 2015: loss of HK\$1 million). During the period, Blackbird did not sell any of its own collection of investment cars and an operating loss of HK\$1 million was reported, due to administrative expenses.

The film operations of the Cultural Entertainment Group did not record any revenue or operating loss in the first half of the year as it is in the start-up stage of operations. After acquisition by the Company for only three months, AHM's entertainment event production operations contributed revenue of HK\$36 million and operating profit of HK\$4 million for the period under review, reflecting another successful acquisition of the Group.

The plastic component department reported revenue of HK\$40 million, contributing 9.6% of the Group's total revenue, and representing a decrease of 13% on a period-on-period basis, attributable to the decrease in sales of the CCT Tech Group, to which the plastic department supplied most of its component products. This business unit recorded an operating loss of HK\$10 million, representing a 50% reduction as compared to the HK\$20 million loss for the last corresponding period, as a result of the Group's successful efforts to improve productivity and save costs.



Other operations comprised the supporting services and start-up business, including the car service center, magazine publishing business, mobile games and other new ventures which are in the early start-up or early development stages. The other operations recorded revenue of HK\$20 million and incurred EBIT loss of HK\$26 million, caused mainly by start-up costs and operating expenses.

## ANALYSIS BY GEOGRAPHICAL SEGMENT

HK\$ million	Revenue for the six months ended 30 June				
	2016		2015		%
	Amount (Unaudited)	Relative %	Amount (Unaudited)	Relative %	increase/ (decrease)
Hong Kong	368	88.5%	253	80.6%	45.5%
Mainland China	43	10.3%	46	14.6%	(6.5%)
Europe and others	5	1.2%	15	4.8%	(66.7%)
<b>Total</b>	<b>416</b>	<b>100.0%</b>	314	100.0%	32.5%

In the reporting period under review, Hong Kong continued to contribute most of the Group's revenue geographically. The territory recorded revenue of HK\$368 million, representing 88.5% of the Group's total revenue. Revenue derived from the territory rose 45.5% period-on-period, driven mainly by increase in revenue contribution from the securities unit. Sales to the Mainland China accounted for 10.3% of the Group's total revenue and declined to HK\$43 million, down 6.5% as a result of lower sales of plastic components. Revenue from the Europe and other regions represented sale of classic cars to the regions.

## Capital Structure and Gearing Ratio

HK\$ million	30 June 2016		31 December 2015	
	Amount (Unaudited)	Relative %	Amount (Audited)	Relative %
Bank and other borrowings	1,105	27.1%	970	25.3%
Total borrowings	1,105	27.1%	970	25.3%
Equity	2,979	72.9%	2,866	74.7%
<b>Total capital employed</b>	<b>4,084</b>	<b>100.0%</b>	3,836	100.0%



The Group's gearing ratio was 27.1% as at 30 June 2016 (31 December 2015: 25.3%). The marginal change in the gearing ratio was caused by the combined net effect of increase of the bank borrowings and equity during the period.

Outstanding bank and other borrowings amounted to HK\$1,105 million at 30 June 2016 (31 December 2015: HK\$970 million). Most of the Group's bank and other borrowings were term loans of HK\$1,058 million, which are secured by the Group's properties. The balance of HK\$47 million (31 December 2015: HK\$47 million) represented Hong Kong dollar loans which were secured by equivalent amount of RMB deposits.

As at 30 June 2016, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and beyond five years amounted to HK\$429 million, HK\$321 million and HK\$355 million, respectively (31 December 2015: HK\$443 million, HK\$316 million and HK\$211 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

## LIQUIDITY AND FINANCIAL RESOURCES

HK\$ million	<b>30 June 2016 (Unaudited)</b>	31 December 2015 (Audited)
Current assets	<b>2,431</b>	2,396
Current liabilities	<b>632</b>	601
Net current assets	<b>1,799</b>	1,795
Current ratio	<b>384.7%</b>	398.7%

The Group's current ratio was 384.7% as at 30 June 2016 (31 December 2015: 398.7%), reflecting a strong liquidity in current assets. The position of working capital representing by net current assets was HK\$1,799 million, increased by HK\$4 million period-on-period.

As at 30 June 2016, the Group's cash balance was HK\$265 million (31 December 2015: HK\$402 million), which included pledged deposits of HK\$47 million (31 December 2015: HK\$47 million), served as security for general banking facility. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. In view of the Group's current cash position and the banking facilities available, the Group continued to maintain a sound financial position and has sufficient resources to finance its operations and its future expansion plan.

## CAPITAL COMMITMENTS

As at 30 June 2016, capital commitment of the Group amounted to HK\$32 million (31 December 2015: nil). The capital commitment will be funded partly by internal resources and partly by bank borrowings.



## **TREASURY MANAGEMENT**

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

During the six months ended 30 June 2016, the Group's receipts were mainly denominated in Hong Kong dollar, US dollar, Euro and Pound Sterlings. Payments were mainly made in Hong Kong dollar, US dollar, Euro, Pound Sterlings and RMB. Cash was generally placed in short-term deposits denominated in Hong Kong dollar. In the current period, the Group's borrowings were mainly denominated in Hong Kong dollar, and interest on the borrowing was principally determined on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk at present as the interest rates currently remain at low level.

The current devaluation of RMB benefits our component manufacturing business as factory wages and overhead are paid in RMB. We have already unwound most of the previous arrangement of pledging RMB deposits for HK dollar loans.

As for Euro and Pound Sterlings, these currencies have devalued against US dollar. However, as most of the Blackbird Group's payments and receipts arising from purchase and sale of classic cars were transacted in Euro or Pound Sterlings, our exposure to the European currencies is not significant. Furthermore, to further reduce our exposure to the European currencies, we have tried to conduct car transactions in US dollar.

Our current exposure to foreign exchange risk is not significant. We will continue to monitor the currency exposure but we have no intention to enter into any high-risk exchange derivatives.

## **ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES**

Save as disclosed elsewhere in this interim report, the Group did not acquire or dispose of any material subsidiaries and associates during the period under review.



## FUND RAISING ACTIVITY IN THE FIRST HALF OF 2016

The Group carried out the following fund raising activity in the six months ended 30 June 2016.

On 30 May 2016, the Company entered into the Subscription Agreement to issue the 2018 Convertible Bonds with an aggregate principal amount of HK\$100,000,000, payable in cash. The 2018 Convertible Bonds bear interest at 1.5% per annum and have a maturity date falling on the second anniversary of the date of issue of the 2018 Convertible Bonds (the **"Maturity Date"**). Subject to the terms and conditions of the 2018 Convertible Bonds, holder(s) of the 2018 Convertible Bonds has a right to convert the 2018 Convertible Bonds during the conversion period into the Shares at the initial price of (i) HK\$1.1 per conversion Share (the **"First Year Conversion Price"**) (subject to adjustments pursuant to the terms and conditions of the 2018 Convertible Bonds) in the first year from the date of issue of the 2018 Convertible Bonds; and (ii) HK\$1.2 per conversion Share (the **"Second Year Conversion Price"**) (subject to adjustments) from the end of the first year to the expiry date of the conversion period. Unless previously converted or cancelled under the terms and conditions of the 2018 Convertible Bonds, all the 2018 Convertible Bonds will be redeemed at its then outstanding principal amount inclusive of accrued interest on the Maturity Date. Details of the subscription and issue of the 2018 Convertible Bonds (the **"2018 CB Subscription"**) have been disclosed in the Company's announcement dated 30 May 2016. Further details of the 2018 CB Subscription transaction are set out as follows:

- (1) The Directors considered that the 2018 CB Subscription would allow the Company to raise additional funds for expansion of the Group's business and general working capital. Furthermore, upon conversion of the 2018 Convertible Bonds, the capital base of the Company would be enlarged and strengthened, which would further improve the financial position of the Group.
- (2) The shares to be issued and allotted upon conversion of the 2018 Convertible Bonds are ordinary shares of the Company with par value of HK\$0.10 each.
- (3) Assuming all the 2018 Convertible Bonds would be converted at the initial First Year Conversion Price (subject to adjustments), a maximum of 90,909,090 new Shares may fall to be allotted and issued upon exercise of the conversion rights attached to the 2018 Convertible Bonds, which will have an aggregate nominal value of HK\$9,090,909.
- (4) The issue price of the conversion Share will be either the First Year Conversion Price of HK\$1.1 per conversion Share (subject to adjustments) or the Second Year Conversion Price of HK\$1.2 per conversion Share (subject to adjustments), as the case may be.
- (5) The net issue prices are the same as the stated in the paragraph (4) above.
- (6) The 2018 Convertible Bonds were issued to Top Pride Limited, an independent third party. The 2018 Convertible Bonds may be assigned or transferred, subject to the terms and conditions of the 2018 Convertible Bonds. As at the date of approval of this interim report, none of the 2018 Convertible Bonds was converted or transferred.



- (7) The closing price of the Share as quoted on the Stock Exchange on 30 May 2016, being the date of the Subscription Agreement was HK\$0.99 per Share. The First Year Conversion Price represented a premium of approximately 11.1% to the then market price.
- (8) The Company has received net proceeds of approximately HK\$100 million from the 2018 CB Subscription. The Company intends to apply the proceeds from the 2018 CB Subscription as to approximately 50% for expansion and appropriate acquisition and investment opportunity in relation to the Group's automotive business and cultural entertainment business, as to approximately 20% for the working capital of the automotive business and cultural entertainment business and the balance of approximately 30% for general working capital of the Group. As at 30 June 2016, the Company has applied HK\$3 million for the working capital of the Group's automotive business and another HK\$3 million for general working capital of the Group.

### **SIGNIFICANT INVESTMENT**

Save as disclosed in the other section of this interim report, the Group did not hold any other significant investment as at 30 June 2016 (31 December 2015: nil).

### **PLEDGE OF ASSETS**

As at 30 June 2016, certain assets of the Group with a net book value of HK\$2,271 million (31 December 2015: HK\$1,812 million), and time deposits of HK\$47 million (31 December 2015: HK\$47 million) were pledged to secure banking facilities granted to the Group .

### **CONTINGENT LIABILITIES**

As at 30 June 2016, the Group had contingent liabilities in terms of corporate guarantees of aggregate amount of approximately HK\$146 million to guarantee the banking facilities of the CCT Land Group (31 December 2015: HK\$146 million).

### **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees of the Group as at 30 June 2016 was 591 (31 December 2015: 635). 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. At 30 June 2016, there were no outstanding share options issued by the Company.





## interim results

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

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

HK\$ million	Notes	Six months ended 30 June	
		2016 (Unaudited)	2015 (Unaudited)
<b>REVENUE</b>	3	<b>416</b>	314
Cost of sales		<b>(114)</b>	(299)
Gross profit		<b>302</b>	15
Other income and gains		<b>54</b>	32
Selling and distribution expenses		<b>(1)</b>	(1)
Administrative expenses		<b>(110)</b>	(43)
Other expenses		<b>(90)</b>	–
Finance costs		<b>(16)</b>	(13)
Share of losses of an associate		<b>–</b>	(8)
<b>PROFIT/(LOSS) BEFORE TAX</b>	4	<b>139</b>	(18)
Income tax expense	5	<b>–</b>	–
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>139</b>	(18)
<b>Attributable to:</b>			
Owners of the parent		<b>137</b>	(18)
Non-controlling interests		<b>2</b>	–
		<b>139</b>	(18)
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	7		
– Basic		<b>HK\$0.165</b>	(HK\$0.022)
– Diluted		<b>HK\$0.165</b>	(HK\$0.022)



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*For the six months ended 30 June 2016*

HK\$ million	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>139</b>	(18)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>139</b>	(18)
<b>Attributable to:</b>		
Owners of the parent	<b>137</b>	(18)
Non-controlling interests	<b>2</b>	-
	<b>139</b>	(18)



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 June 2016

HK\$ million	Notes	<b>30 June 2016 (Unaudited)</b>	31 December 2015 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	598	454
Investment properties		1,390	978
Goodwill		56	17
Classic cars held for investment		88	57
Available-for-sale investments		38	14
Held-to-maturity debt securities		–	48
Deposits and other receivables		34	47
Deferred tax assets		21	21
Total non-current assets		<b>2,225</b>	1,636
<b>CURRENT ASSETS</b>			
Inventories		7	10
Stock of properties held for sale		329	361
Stock of classic cars held for sale		126	126
Trade receivables	9	56	32
Prepayments, deposits and other receivables	10	809	368
Financial assets at fair value through profit or loss	11	839	1,097
Pledged time deposits		47	47
Cash and cash equivalents		218	355
Total current assets		<b>2,431</b>	2,396
<b>TOTAL ASSETS</b>		<b>4,656</b>	4,032



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

30 June 2016

HK\$ million	Notes	<b>30 June 2016 (Unaudited)</b>	31 December 2015 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	14	<b>83</b>	83
Reserves		<b>2,884</b>	2,783
		<b>2,967</b>	2,866
Non-controlling interest		<b>12</b>	–
<b>Total equity</b>		<b>2,979</b>	2,866
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>676</b>	527
Convertible bonds	13	<b>328</b>	–
Deferred tax liabilities		<b>41</b>	38
Total non-current liabilities		<b>1,045</b>	565
<b>Current liabilities</b>			
Trade and bills payables	12	<b>29</b>	16
Tax payable		<b>62</b>	61
Other payables and accruals		<b>112</b>	81
Interest-bearing bank and other borrowings		<b>429</b>	443
Total current liabilities		<b>632</b>	601
<b>Total liabilities</b>		<b>1,677</b>	1,166
<b>Total equity and liabilities</b>		<b>4,656</b>	4,032
<b>Net current assets</b>		<b>1,799</b>	1,795
<b>Total assets less current liabilities</b>		<b>4,024</b>	3,431



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2016*

Attributable to owners of the parent

HK\$ million	Equity component													Total equity	
	Issued capital (Unaudited)	convertible bonds (Unaudited)	Share premium (Unaudited)	Capital reserve (Unaudited)	Distributable reserve (Unaudited)	Investment revaluation reserve (Unaudited)	Asset revaluation reserve (Unaudited)	Share option reserve (Unaudited)	Capital redemption reserve (Unaudited)	Exchange fluctuation reserve (Unaudited)	Proposed		Non-controlling interests (Unaudited)		
											Retained profits (Unaudited)	final dividend (Unaudited)			Total
At 1 January 2016	83	-	181	741	995	2	36	-	24	29	746	29	2,866	-	2,866
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	137	-	137	2	139
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	10	10
Issuance of convertible bonds	-	22	-	-	-	-	-	-	-	-	-	-	22	-	22
2015 final dividend paid	-	-	-	-	-	-	-	-	-	-	-	(29)	(29)	-	(29)
Proposed 2016 interim dividend	-	-	-	-	(29)	-	-	-	-	-	-	-	(29)	-	(29)
At 30 June 2016	83	22	181	741	966	2	36	-	24	29	883	-	2,967	12	2,979
At 1 January 2015	83	-	181	741	1,049	2	36	-	24	29	377	29	2,551	-	2,551
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	(18)	-	(18)	-	(18)
Gain on property revaluation, net of tax	-	-	-	-	-	-	4	-	-	-	-	-	4	-	4
2014 final dividend paid	-	-	-	-	-	-	-	-	-	-	-	(27)	(27)	-	(27)
Proposed 2015 interim dividend	-	-	-	-	(25)	-	-	-	-	-	-	-	(25)	-	(25)
At 30 June 2015	83	-	181	741	1,024	2	40	-	24	29	359	2	2,485	-	2,485



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
*For the six months ended 30 June 2016*

HK\$ million	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	<b>139</b>	(18)
Adjustments for:		
Finance costs	<b>16</b>	13
Share of loss of an associate	<b>–</b>	8
Interest income	<b>(1)</b>	(2)
Depreciation	<b>10</b>	8
Income from promissory note	<b>–</b>	(13)
Fair value loss/(gain) on investment properties	<b>24</b>	(16)
Loss on disposal of held-to-maturity debt securities	<b>2</b>	–
Write down of properties held for sale to net realisable value	<b>32</b>	–
Fair value gain on the derivative component of the convertible bonds	<b>(1)</b>	–
Gain from disposals and the change in fair value of trading securities, net	<b>(273)</b>	–
	<b>(52)</b>	(20)
Decrease in inventories	<b>3</b>	–
Increase in stock of properties held for trading	<b>–</b>	(1)
(Increase)/decrease in trade receivables	<b>(14)</b>	35
Decrease/(increase) in prepayments, deposits and other receivables	<b>79</b>	(8)
Increase/(decrease) in trade and bills payables, other payables and accruals	<b>8</b>	(20)
Net proceeds from disposal of financial assets at fair value through profit or loss	<b>15</b>	165
Cash generated from operations	<b>39</b>	151
Interest received	<b>1</b>	2
Interest paid	<b>(15)</b>	(13)
Net cash flows from operating activities	<b>25</b>	140



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS** *(continued)**For the six months ended 30 June 2016*

HK\$ million	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(126)	(62)
Purchases of classic cars held for investment	(31)	(19)
Acquisition of subsidiaries	(86)	–
Proceeds from disposal of held-to-maturity debt securities	46	–
Increase in promissory notes receivables	–	(48)
Increase in available-for-sale investment	(24)	–
Decrease in held-to-maturity debt securities	–	1
Increase in pledged time deposits	–	(1)
Decrease in deposits and other receivable	13	10
Net cash flows used in investing activities	(208)	(119)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loans	88	55
New trust receipt loans, net	4	–
Repayment of bank loans and trust receipts loans	(117)	(59)
Issuance of convertible bonds	100	–
Dividends paid	(29)	(27)
Net cash flows generated from/(used in) financing activities	46	(31)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(137)	(10)
Cash and cash equivalents at beginning of the period	355	122
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	218	112
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	218	112
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	218	112



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

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

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

### 2. PRINCIPAL ACCOUNTING POLICIES

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

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

Amendments to HKFRS 10,  
HKFRS 12 and HKAS 28 (2011)  
Amendments to HKFRS 11

Amendments to HKAS 1  
Amendments to HKAS 16 and HKAS 38

Amendments to HKAS 27 (2011)  
*Annual Improvements 2012–2014 Cycle*

*Investment Entities: Applying the  
Consolidation Exception  
Accounting for Acquisitions of Interests in  
Joint Operations  
Disclosure Initiative  
Clarification of Acceptable Methods of  
Depreciation and Amortisation  
Equity Method in Separate Financial Statements  
Amendments to a number of HKFRSs*





### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and there are nine reportable operating segments during period, which are outlined as follows:

- (a) the Hong Kong property development and trading segment which is engaged in development and trading of properties in Hong Kong;
- (b) the property investment and holding segment which is the investment and holding of properties;
- (c) the securities business segment which is the trading in securities and holding of securities and treasury products;
- (d) classic cars trading and logistic segment which is the trading and sale of classic cars and car logistic business;
- (e) investment in classic cars segment which is acquisition of classic cars for long-term investment purpose;
- (f) the film operations segment which is engaged in production, investment and distribution of films worldwide;
- (g) the event production operations which is engaged in the provision and leasing of lighting and audio equipment and services for production of concert and entertainment events;
- (h) the components segment which is the manufacture and sale of plastic components; and
- (i) other operations segment which is engaged in supportive business and start-up business including of classic cars service center, magazine publication, e-commerce and mobile games.

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

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



### 3. OPERATING SEGMENT INFORMATION *(continued)*

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

#### For the period ended 30 June 2016

HK\$ million	Property development and trading in Hong Kong	Property and investment holding	Securities business	Classic cars trading and logistic	Investment in classic cars	Film operations	Event production operations	Plastic components	Other operations	Reconciliations	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue:</b>											
From external customers	-	7	273	40	-	-	36	40	20	-	416
Other revenue	3	-	-	-	-	-	1	1	1	1	7
Intersegment revenue	-	2	-	-	-	-	-	-	-	(2)	-
	<b>3</b>	<b>9</b>	<b>273</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>41</b>	<b>21</b>	<b>(1)</b>	<b>423</b>
Operating (loss)/profit	(40)	(21)	255	1	(1)	-	4	(10)	(26)	-	162
Finance costs											(16)
Reconciled items:											
Corporate and other unallocated expenses											(53)
Gain on settlement of disposal of promissory notes receivables											46
<b>Profit before tax</b>											<b>139</b>
Income tax expense											-
<b>Profit for the period</b>											<b>139</b>



### 3. OPERATING SEGMENT INFORMATION *(continued)*

For the period ended 30 June 2016 *(continued)*

HK\$ million	Property development and trading in Hong Kong (Unaudited)	Property investment and holding (Unaudited)	Securities business (Unaudited)	Classic cars trading and logistic (Unaudited)	Investment in classic cars (Unaudited)	Event operations (Unaudited)	Film production operations (Unaudited)	Plastic components (Unaudited)	Other operations (Unaudited)	Reconciliations (Unaudited)	Total (Unaudited)
	<b>Other segment information:</b>										
Interest income	-	-	-	-	-	-	-	1	-	-	1
Expenditure for non-current assets	-	436	-	1	31	-	31	1	121	-	621
Depreciation	-	(2)	-	(1)	-	-	(2)	-	(5)	-	(10)
<b>Other material non-cash items:</b>											
Fair value gains on investment properties	-	1	-	-	-	-	-	-	-	-	1
Gains from the change in fair value of trading securities, net	-	-	273	-	-	-	-	-	-	-	273
Loss on disposal of held-to-maturity debt securities	-	-	(2)	-	-	-	-	-	-	-	(2)
Fair value loss on investment properties	-	(24)	-	-	-	-	-	-	(1)	-	(25)
Impairment of stock of properties held for trading	(32)	-	-	-	-	-	-	-	-	-	(32)
<b>As at 30 June 2016</b>											
<b>Segment assets</b>	331	1,618	1,367	183	93	11	112	88	378	-	4,181
Reconciled items:											
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	475	475
Total assets	331	1,618	1,367	183	93	11	112	88	378	475	4,656
<b>Segment liabilities</b>	174	811	135	29	-	9	83	66	135	-	1,442
Reconciled items:											
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	235	235
Total liabilities	174	811	135	29	-	9	83	66	135	235	1,677



### 3. OPERATING SEGMENT INFORMATION *(continued)*

For the period ended 30 June 2015

HK\$ million	Property development and trading in Hong Kong (Unaudited)	Property investment and holding (Unaudited)	Securities business (Unaudited)	Classic cars trading and logistic (Unaudited)	Investment in classic cars (Unaudited)	Film operations (Unaudited)	Plastic components (Unaudited)	Other operations (Unaudited)	Reconciliations (Unaudited)	Total (Unaudited)
<b>Segment revenue:</b>										
From external customers	-	6	189	72	-	-	46	1	-	314
Other revenue	-	16	-	-	-	-	1	-	2	19
	-	22	189	72	-	-	47	1	2	333
Operating (loss)/profit	(6)	16	20	(1)	-	-	(20)	(8)	-	1
Reconciled items:										
Corporate and other unallocated expenses										(11)
Share of loss of investment in an associate										(8)
<b>Loss before tax</b>										(16)
Income tax expense										-
<b>Loss for the period</b>										(16)



### 3. OPERATING SEGMENT INFORMATION *(continued)*

For the period ended 30 June 2015 *(continued)*

HK\$ million	Property development and trading in Hong Kong (Unaudited)	Property investment and holding (Unaudited)	Securities business (Unaudited)	Classic cars trading and logistic (Unaudited)	Investment in classic cars (Unaudited)	Film operations (Unaudited)	Plastic components (Unaudited)	Other operations (Unaudited)	Recon- lations (Unaudited)	Total (Unaudited)
<b>Other segment information:</b>										
Interest income	-	-	-	-	-	-	2	-	-	2
Expenditure for non-current assets	-	-	-	14	-	-	-	59	-	73
Depreciation	-	(2)	-	-	-	-	(2)	(4)	-	(8)
<b>Other material non-cash items:</b>										
Fair value gains on investment properties	-	16	-	-	-	-	-	-	-	16
<b>As at 31 December 2015 (Audited)</b>										
<b>Segment assets</b>	363	1,202	1,147	161	62	20	120	231	-	3,306
Reconciled items:										
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	726	726
<b>Total assets</b>	363	1,202	1,147	161	62	20	120	231	726	4,032
<b>Segment liabilities</b>	185	452	205	29	-	6	111	69	-	1,057
Reconciled items:										
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	109	109
<b>Total liabilities</b>	185	452	205	29	-	6	111	69	109	1,166



### 3. OPERATING SEGMENT INFORMATION *(continued)*

#### Geographical information

(a) *Revenue from external customers*

HK\$ million	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Hong Kong	368	253
Mainland China	43	46
Europe and others	5	15
	<b>416</b>	314

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	31 December
	2016 (Unaudited)	2015 (Audited)
Hong Kong	2,131	1,506
Mainland China	1	–
	<b>2,132</b>	1,506

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



### 3. OPERATING SEGMENT INFORMATION *(continued)*

#### Information about major customers

For the six months ended 30 June 2016, revenue of approximately HK\$31 million and HK\$20 million was derived from sales of the component segment to a single customer and classic cars trading and logistic business segment to a single customer, respectively, representing 22% and 14%, respectively, of the Group's total revenue excluding the Group's gains from the change in fair value of securities investment at fair value through profit or loss.

For the six months ended 30 June 2015, revenue of approximately HK\$33 million was derived from sales of the component segment to a single customer, representing 10% of the Group's total revenue.

The Group's gains from disposals and change in fair value of securities investment at fair value through profit or loss are excluded from total revenue for the purpose of identifying major customers of the Group who accounted for over 10% of the Group's revenue.

### 4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

HK\$ million	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Cost of inventories sold	45	284
Cost of classic cars sold	31	15
Cost of event production service provided	24	–
Cost of automotive service provided	3	–
Cost of sales — other operations	11	–
Depreciation	10	8

### 5. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for the six months ended 30 June 2016 and 2015 as the Group had no profits chargeable to Hong Kong profits tax during those periods. During the period of six months ended 30 June 2016 and the corresponding period in 2015, the Group had no profit subject to foreign tax outside of Hong Kong and no provision had been made for overseas tax.



## 6. DIVIDENDS

The board of directors has declared an interim dividend for 2016 of HK\$0.035 per share (interim 2015: HK\$0.03 per share) to be payable from the Company's distributable reserves. The interim dividend will be payable on Thursday, 29 September 2016 to the shareholders whose names appear on the register of members of the Company on Wednesday, 14 September 2016. The register of members of the Company will be closed from Monday, 12 September 2016 to Wednesday, 14 September 2016 (both days inclusive).

## 7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings/(loss) per share are based on:

HK\$ million	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<b>137</b>	(18)

  

	Number of shares	
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculation	<b>832,394,907</b>	832,394,907

No adjustment has been made to the basic earnings per share presented for the period ended 30 June 2016 in respect of a dilution as the impact of the outstanding convertible bonds issued by the Company had an anti-dilutive effect on the basic earnings per share amounts presented.

No adjustment has been made to the basic loss per share presented for the period ended 30 June 2015 in respect of a dilution as the Group did not have any diluted ordinary shares during the period.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment of approximately HK\$154 million (six months ended 30 June 2015: HK\$73 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:

HK\$ million	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Balance	Percentage	Balance	Percentage
Current to 30 days	23	41	9	28
31 to 60 days	9	16	12	38
61 to 90 days	9	16	9	28
Over 90 days	15	27	2	6
	56	100	32	100

The Group allows an average credit period of 30 to 90 days to its trade customers. As at 30 June 2016, the Group's trade receivables included an amount of HK\$19 million (31 December 2015: HK\$24 million) due from the CCT Land Group, which are repayable on credit terms similar to those offered by the Group to other third party customers of the Group.

## 10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in the prepayments, deposits and other receivables was an interest-free loan of HK\$24 million (31 December 2015: nil) advanced by the Company to CCT Land.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK\$ million	Notes	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Listed shares, at market value	(i)	238	288
Convertible bonds, at fair value	(ii)	601	809
		839	1,097

Notes:

- (i) The listed shares as at 30 June 2016 represented 14,000,000,000 CCT Land Shares, which were held by the Group for sale and classified as financial assets under current assets. These shares were measured as at 30 June 2016 based on the closing market price of HK\$0.017 per share. The market value of the 14,000,000,000 CCT Land Shares as at the date of approval of the financial statements was approximately HK\$238 million.

The listed shares as at 31 December 2015 represented 9,000,000,000 CCT Land Shares, which were held by the Group for sale and classified as financial assets under current assets. These shares were measured as at 31 December 2015 based on the closing market price of HK\$0.032 per share.



## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

Notes: *(continued)*

- (ii) The convertible bonds represented the outstanding balance of the CCT Land Convertible Bonds held by the Group.

The CCT Land Convertible Bonds are convertible at the option of the bondholders into ordinary shares on the basis of one ordinary share at the initial conversion price of HK\$0.01 (subject to adjustment pursuant to the terms of the CCT Land Convertible Bonds). The CCT Land Convertible Bonds are not redeemable. Any CCT Land Convertible Bonds not converted will be automatically converted into CCT Land Shares on the Maturity Date or cancelled.

The Group recognised the CCT Land Convertible Bonds as financial assets at fair value through profit or loss under current assets at 30 June 2016 and 31 December 2015.

As at 30 June 2016, the Group held the CCT Land Convertible Bonds with total outstanding principal amount of approximately HK\$496 million (31 December 2015: HK\$706 million).

The fair values of the CCT Land Convertible Bonds were HK\$601 million and HK\$809 million, as at 30 June 2016 and 31 December 2015, respectively. These fair values were determined with reference to valuation performed by an independent firm of professionally qualified valuers, Greater China Appraisal Limited.

## 12. TRADE AND BILLS PAYABLES

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

HK\$ million	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Balance	Percentage	Balance	Percentage
Current to 30 days	16	55	6	37
31 to 60 days	5	17	4	25
61 to 90 days	2	7	3	19
Over 90 days	6	21	3	19
	29	100	16	100



### 13. CONVERTIBLE BONDS

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds from issue of the securities is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds from issue of the securities to the liability and equity components when the instruments are first recognised.

If the contractual substance of convertible bonds is a single obligation to deliver a variable number of equity instrument, the entire obligation meets the definition of financial liability and the convertible bonds are classified as financial liabilities at fair value through profit or loss. Subsequent to initial recognition, the convertible bonds are stated at fair value, and the gains and losses arising from the change in fair values are included in the statement of profit or loss.

#### (1) 2024 Convertible Bonds

On 30 March 2016, pursuant to the Sale and Purchase Agreement, the Company issued the 2024 Convertible Bonds with an aggregate principal amount of HK\$250,200,000 of which principal amount of HK\$180,000,000 and HK\$70,200,000 was issued to Capital Force and New Capital, respectively. The maturity date of the 2024 Convertible Bonds will fall on the eight anniversary of the date of issue of the 2024 Convertible Bonds, which will fall due on 30 March 2024. The bonds are convertible at the option of the bondholders into ordinary shares at initial conversion price of HK\$0.90 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds) and the bonds shall be redeemable at the option of the Company at any time on or before 30 March 2024. The 2024 Convertible Bonds are unsecured, carry interest at 5% per annum on the outstanding principal amount. Interest is payable monthly after the date of issue of the convertible bonds.

The 2024 Convertible Bonds were split into liability and equity components upon initial recognition by recognising the liability component at fair value and attributing to the equity component the residual amount. The fair value of the liability component of these convertible bonds were estimated at the issuance date using cash flows discounted at a rate based on effective interest rate of 6.57%. The residual amount is assigned as the equity component and is included in shareholders' equity. The fair value of the 2024 Convertible Bonds was determined as of the date of issue by reference to the valuations performed by an independent firm of professionally qualified valuers, Greater China Appraisal Limited.



**13. CONVERTIBLE BONDS** *(continued)*
**(1) 2024 Convertible Bonds** *(continued)*

The conversion price of the 2024 Convertible Bonds has been adjusted to HK\$0.87 per conversion share with effect from 1 June 2016, pursuant to the terms and conditions of the convertible bonds, as a result of the approval by the Shareholders of the final dividend of HK\$0.035 per Share for the year ended 31 December 2015.

During the six months period ended 30 June 2016, there was no movement of the 2024 Convertible Bonds.

The following table set out the shareholding structure of the Company: (i) as at 30 June 2016, and (ii) for illustrative purpose only, the structure immediately after the issue of the 287,586,206 Shares upon full conversion of the all the outstanding 2024 Convertible Bonds as at 30 June 2016 at the conversion price of HK\$0.87 per conversion share, assuming that there is no other changes to the share capital of the Company from 30 June 2016 to date of the allotment and issue of the conversion shares:

Shareholders	As at 30 June 2016		Immediately after conversion of the all the outstanding Convertible Bonds and issue of the conversion shares	
	No. of Shares	%	No. of Shares	%
Capital Force	96,868,792	11.64	303,765,343	27.12
New Capital	171,357,615	20.59	252,047,270	22.50
Capital Winner	177,798,672	21.35	177,798,672	15.88
Mr. Mak	10,073,652	1.21	10,073,652	0.90
<b>Sub-total for Mr. Mak and his close associates</b>	<b>456,098,731</b>	<b>54.79</b>	<b>743,684,937</b>	<b>66.40</b>
<b>Other Directors</b>				
Tam Ngai Hung, Terry	500,000	0.06	500,000	0.05
William Donald Putt	591,500	0.07	591,500	0.05
<b>Sub-total for other Directors</b>	<b>1,091,500</b>	<b>0.13</b>	<b>1,091,500</b>	<b>0.10</b>
<b>Total non-public Shareholders</b>	<b>457,190,231</b>	<b>54.92</b>	<b>744,776,437</b>	<b>66.50</b>
<b>Public Shareholders</b>	<b>375,204,676</b>	<b>45.08</b>	<b>375,204,676</b>	<b>33.50</b>
<b>Total</b>	<b>832,394,907</b>	<b>100.00</b>	<b>1,119,981,113</b>	<b>100.00</b>

The outstanding 2024 Convertible Bonds has an anti-dilutive effect on the earnings per share of the Group.



### 13. CONVERTIBLE BONDS *(continued)*

#### (1) 2024 Convertible Bonds *(continued)*

As bondholder(s) has no right to demand prepayment of the 2024 Convertible Bonds before the maturity date and the bonds have a long maturity and as such, the outstanding 2024 Convertible Bonds is unlikely to have any negative impact on the financial and liquidity position of the Group before the 8th year maturity date. Furthermore, there is likelihood that part or whole of the 2024 Convertible Bonds may be converted into Shares before maturity, the possible financial burden arises from the potential repayment of the 2024 Convertible Bonds is not likely to be significant.

The analysis of the Company's share price at which it would be equally financially advantages for the bondholder(s) to convert or redeem the 2024 Convertible Bonds based on their implied rate of return at a range of dates in the future:

Suggested conversion date	Company's Share price	Implied rate of return of bondholder %
31 December 2016	HK\$0.87	5.12%
30 June 2017	HK\$0.87	5.11%

#### (2) 2018 Convertible Bonds

On 3 June 2016, pursuant to the Subscription Agreement, the Company issued the 2018 Convertible Bonds with an aggregate principal amount of HK\$100 million for cash. The maturity date of the 2018 Convertible Bonds will fall on the second anniversary of the date of issue of the convertible bonds, which will fall due on 3 June 2018. The bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK\$1.10 per conversion share (subject to adjustment pursuant to the terms and conditions of the convertible bonds) during the period from the issue date to the date immediately prior to the first anniversary of the issue date, and HK\$1.20 per conversion share (subject to adjustment pursuant to the terms and conditions of the convertible bonds) during the period from the date falling on the first anniversary of the issue date to the date falling on the third business days prior to the maturity date of the 2018 Convertible Bonds. The 2018 Convertible Bonds are unsecured, carry interest at 1.5% per annum on the outstanding principal amount. Interest is payable semi-annually after the date of issue of the convertible bonds.

The fair value of the 2018 Convertible Bonds were estimated at the issuance date using cash flows discounted at a rate based on effective interest rate of 3.68%. The total fair value of the 2018 Convertible Bonds was classified as liability for accounting purpose. The fair value of the 2018 Convertible Bonds were determined as of the date of issue and at the end of the reporting period by reference to the valuations performed by an independent firm of professionally qualified valuers, Greater China Appraisal Limited.



**13. CONVERTIBLE BONDS** *(continued)*
**(2) 2018 Convertible Bonds** *(continued)*

During the six months period ended 30 June 2016, there was no movement of the 2018 Convertible Bonds.

The following table set out the shareholding structure of the Company: (i) as at 30 June 2016, and (ii) for illustrative purpose only, the structure immediately after the issue of the maximum 90,909,090 Shares upon full conversion of the all the outstanding 2018 Convertible Bonds as at 30 June 2016 at the initial first year conversion price of HK\$1.1 per conversion share, assuming that there is no other changes to the share capital of the Company from 30 June 2016 to date of the allotment and issue of the conversion shares:

Shareholders	As at 30 June 2016		Immediately after conversion of the all the outstanding Convertible Bonds and issue of the conversion shares	
	No. of Shares	%	No. of Shares	%
Capital Force	96,868,792	11.64	96,868,792	10.49
New Capital	171,357,615	20.59	171,357,615	18.56
Capital Winner	177,798,672	21.35	177,798,672	19.26
Mr. Mak	10,073,652	1.21	10,073,652	1.09
<b>Sub-total for Mr. Mak and his close associates</b>	<b>456,098,731</b>	<b>54.79</b>	<b>456,098,731</b>	<b>49.40</b>
<b>Other Directors</b>				
Tam Ngai Hung, Terry	500,000	0.06	500,000	0.06
William Donald Putt	591,500	0.07	591,500	0.06
<b>Sub-total for other Directors</b>	<b>1,091,500</b>	<b>0.13</b>	<b>1,091,500</b>	<b>0.12</b>
<b>Total non-public Shareholders</b>	<b>457,190,231</b>	<b>54.92</b>	<b>457,190,231</b>	<b>49.52</b>
<b>The Bondholder and its close associate</b>	<b>40,000,000</b>	<b>4.81</b>	<b>130,909,090</b>	<b>14.18</b>
<b>Other public Shareholders</b>	<b>335,204,676</b>	<b>40.27</b>	<b>335,204,676</b>	<b>36.30</b>
<b>Total</b>	<b>832,394,907</b>	<b>100.00</b>	<b>923,303,997</b>	<b>100.00</b>



### 13. CONVERTIBLE BONDS *(continued)*

#### (2) 2018 Convertible Bonds *(continued)*

The outstanding 2018 Convertible Bonds has no dilutive impact on the earnings per share of the Group.

As bondholder(s) has no right to demand prepayment of the 2018 Convertible Bonds and the bonds still have approximately two years before they mature, there is sufficient time for the Group to arrange financing to repay any outstanding 2018 Convertible Bonds, in case there is any 2018 Convertible Bonds not converted at maturity. The amount of 2018 Convertible Bonds is HK\$100 million, which represents an insignificant proportion of the Group's total assets. Given the strong financial position of the Group, any repayment (if required) of the 2018 Convertible Bonds in the future is unlikely to impose any significant financial burden and is unlikely to have any significant negative impact on the financial and liquidity position of the Group. Furthermore, there is likelihood that part or whole the 2018 Convertible Bonds may be converted into Shares before maturity, the possible financial burden arising from the potential repayment of the 2018 Convertible Bonds is not likely to be significant.

The analysis of the Company's share price at which it would be equally financially advantages for the bondholder(s) to convert or redeem the 2018 Convertible Bonds based on their implied rate of return at a range of dates in the future:

<b>Suggested conversion date</b>	<b>Company's Share price</b>	<b>Implied rate of return of bondholder %</b>
31 December 2016	HK\$1.1	1.51%
30 June 2017	HK\$1.2	1.509%



**14. SHARE CAPITAL**

HK\$ million	<b>30 June 2016 (Unaudited)</b>	31 December 2015 (Audited)
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	<b>200</b>	200
Issued and fully paid:		
832,394,907 (31 December 2015: 832,394,907) ordinary shares of HK\$0.10 each	<b>83</b>	83

There were no transactions involving the Company's issued ordinary share capital during the six months ended 30 June 2016.

**15. CONTINGENT LIABILITIES**

As at 30 June 2016, contingent liabilities not provided for in the financial statements were as follows:

HK\$ million	<b>30 June 2016 (Unaudited)</b>	31 December 2015 (Audited)
Corporate guarantees given to banks in connection with facilities granted to the CCT Land Group	<b>146</b>	146





## 16. PLEDGE OF ASSETS

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

- (i) pledge of certain of the Group's leasehold land and buildings situated in Hong Kong, which had an aggregate carrying amount at the end of the reporting period of approximately HK\$552 million (31 December 2015: HK\$425 million);
- (ii) pledge of the Group's investment properties situated in Hong Kong, which had an aggregate carrying amount at the end of the reporting period of approximately HK\$1,390 million (31 December 2015: HK\$978 million);
- (iii) pledge of certain of the Group's time deposits amounting to HK\$47 million (31 December 2015: HK\$47 million); and
- (iv) pledge of certain of the Group's stock of properties held for sale situated in Hong Kong, which had an aggregate carrying amount at end of the reporting period of approximately HK\$329 million (31 December 2015: 361 million).

## 17. OPERATING LEASE ARRANGEMENTS

### As lessor

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

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

HK\$ million	<b>30 June 2016 (Unaudited)</b>	31 December 2015 (Audited)
Within one year	<b>6</b>	6
In the second to fifth years, inclusive	<b>3</b>	5
	<b>9</b>	11



**17. OPERATING LEASE ARRANGEMENTS** *(continued)*
**As lessee**

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

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

HK\$ million	<b>30 June 2016 (Unaudited)</b>	31 December 2015 (Audited)
Within one year	<b>6</b>	3

**18. COMMITMENTS**

In addition to the operating lease commitments detailed in note 17 above, the Group had the following capital commitments at the end of the reporting period:

HK\$ million	<b>30 June 2016 (Unaudited)</b>	31 December 2015 (Audited)
Contracted, but not provided for:		
Purchase of classic cars	<b>32</b>	–



## 19. RELATED PARTY TRANSACTIONS

- (a) As at 30 June 2016, the Group held 14,000,000,000 shares of CCT Land, representing approximately 10.43% of the total number of issued shares of CCT Land. In addition, the Group held the CCT Land Convertible Bonds with principal amount of approximately HK\$496 million, convertible into 49,567,100,000 CCT Land Shares at the conversion price of HK\$0.01 per conversion share (subject to adjustments). CCT Land is regarded as a related party of the Company as Mr. Mak is the chairman, executive director and CEO of both the Company and CCT Land. During the six-month period ended 30 June 2016, the Group had conducted the following related party transactions with (i) the CCT Land Group; and (ii) Mr. Mak and private companies controlled by him:

HK\$ million	Notes	Six months ended 30 June	
		2016 (Unaudited)	2015 (Unaudited)
(1) With the CCT Land Group:			
Sales of components	(i)	34	35
Factory rental expense	(ii)	3	3
Office rental income	(iii)	1	1
Management information system service fees	(iv)	3	3
Issuance of promissory notes	(v)	–	55
Interest income of promissory notes	(vi)	–	1
(2) With Mr. Mak and private companies controlled by him			
Acquisition of the property holding companies and issue of the 2024 Convertible Bonds	(vii)	250	–
Acquisition of shareholder's loan	(vii)	26	–
Interest expense on the 2024 Convertible bonds	(vii)	3	–
Rental income on investment properties	(viii)	2	–



## 19. RELATED PARTY TRANSACTIONS *(continued)*

### (a) *(continued)*

Notes:

- (i) Certain plastic casings, components and any component products and toolings were supplied by a subsidiary of the Company to the CCT Land Group for production of telecom and electronic products and the prices of the transactions were mutually agreed between the relevant parties pursuant to terms and conditions the manufacturing agreement dated 9 October 2012 entered into between the Company and CCT Land, which has a term of three years effective from 1 January 2013. The agreement was renewed on 9 November 2015 for a term of three years from 1 January 2016 to 31 December 2018. The terms and conditions of the renewed agreement are similar to the previous agreement.
- (ii) The factory rental expense was charged by CCT Land to a wholly-owned subsidiaries of the Company for the provision of factory space in Huiyang, Mainland China, at a rental and subject to the terms and conditions set out in a tenancy agreement dated 10 December 2014 entered into between the relevant parties, which has a term of three years effective from 1 January 2015.
- (iii) The office rental income was received by a wholly-owned subsidiary of the Company from CCT Land for the provision of office space in Hong Kong, at rental and subject to the terms and conditions set out in a tenancy agreement dated 10 December 2014 entered into between the relevant parties, which has a term of three years effective from 1 January 2015.
- (iv) The management information system service fee was charged to the Company by CCT Land for the provision of general management information system support, network and software consultation and hardware maintenance services. The fee was determined in accordance with the terms and conditions set out in a management and information services agreement dated 10 December 2014 entered into between the Company and CCT Land, which has a term of three years effective from 1 January 2015.
- (v) The Company entered into loan agreements with CCT Land for the lending of loan amounts of HK\$25 million, HK\$20 million and HK\$10 million during the corresponding period last year, which were evidenced by three promissory notes issued by CCT Land. These promissory notes had a term of three years from the date of issue and carried interest at 3% per annum payable annually. These promissory notes were transferred to an independent third party at par value during the year ended 31 December 2015.
- (vi) During the period ended 30 June 2015, interest income of HK\$1 million was accrued on the promissory notes of CCT Land issued to the Company. These promissory notes were transferred to an independent third party at par value during the year ended 31 December 2015.



**19. RELATED PARTY TRANSACTIONS** *(continued)*(a) *(continued)*

Notes: *(continued)*

- (vii) On 27 January 2016, the Company entered into the Sale and Purchase Agreement with Mr. Mak to acquire all the issued shares of Capital Top Industrial Limited and Next Capital Investments Limited from Mr. Mak and the shareholder's loans due to Mr. Mak for the share consideration of approximately HK\$250 million and the cash consideration of approximately HK\$26 million, respectively. The target groups hold the properties at House 38 and House 39, No. 56 Repulse Bay Road. The share consideration was satisfied by the issue of the 2024 Convertible Bonds of aggregate principal amount of HK\$250,200,000 of which principal amount of HK\$180,000,000 and HK\$70,200,000 was issued to Capital Force and New Capital, respectively. The cash consideration for the assignment of the shareholder's loan was satisfied by cash. The 2024 Convertible Bonds have a term of eight years from the date of issue and carries interest at 5% per annum payable monthly. The transactions, which constituted a major and connected transaction for the Company under the Listing Rules were completed on 30 March 2016. Details of the Sale and Purchase Agreement and the transactions under the Sale and Purchase Agreement have been disclosed in the Company's announcements dated 27 January 2016, 17 February 2016 and 30 March 2016 and the Company's circular dated 9 March 2016. During the period ended 30 June 2016, interest on the 2024 Convertible Bonds of HK\$3 million was paid by the Company to Capital Force and New Capital.
- (viii) On 30 March 2016, the Group entered into the tenancy agreements with Mr. Mak to lease the properties at House 38 and House 39, No. 56 Repulse Bay Road to Mr. Mak from 30 March 2016 to 31 December 2017 for a monthly rental of HK\$270,000 and HK\$260,000 (inclusive of management fee and government rent and rates), respectively. The rental transactions constitute continuing connected transactions for the Company under the Listing Rules, details of which have been disclosed in the Company's announcements dated 27 January 2016 and 30 March 2016 and the Company's circular dated 9 March 2016. During the period, rental income of approximately HK\$2 million in aggregate was charged to Mr. Mak.
- (ix) The Company has complied with the relevant requirements under the Listing Rules in respect of the connected transaction and continuing connected transactions set out in paragraphs (vii) and (viii) above.

## (b) Outstanding balances with related parties:

Details of the Group's balances with CCT Land Group at the end of the reporting period have been disclosed in the notes 9 and 10 to the financial statements.



## 19. RELATED PARTY TRANSACTIONS *(continued)*

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

HK\$ million	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Short term employee benefits	34	6

- (d) The Company has provided corporate guarantee of total amount of HK\$146 million as at 30 June 2016 to a bank in relation to certain banking facilities granted by the bank to the CCT Land Group.

## 20. EVENT AFTER THE REPORTING PERIOD

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

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

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

## 21. APPROVAL OF THE INTERIM REPORT

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



## disclosure of interests

### DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

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

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

(i) *Long positions in the Shares:*

Name of the Directors	Number of the Shares interested and nature of interest		Total	Approximate percentage of the total issued share capital of the Company
	Personal	Corporate		(%)
Mr. Mak (Note)	10,073,652	446,025,079	456,098,731	54.79
Tam Ngai Hung, Terry	500,000	–	500,000	0.06
William Donald Putt	591,500	–	591,500	0.07

Note: Of the shareholding in which Mr. Mak was interested, an aggregate of 446,025,079 Shares are held by Capital Force, New Capital and Capital Winner, all of which are private corporations wholly-owned by Mr. Mak beneficially. Mr. Mak is deemed to be interested in 446,025,079 Shares under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force, New Capital and Capital Winner.



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

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

(ii) Long positions in the underlying Shares of the 2024 Convertible Bonds issued by the Company:

Name of the Directors	Number of the underlying Shares interested and nature of interest		Total	Approximate percentage of the total issued share capital of the Company
	Personal	Corporate		
Mr. Mak (Note)	–	287,586,206	287,586,206	34.55

(%)

Note: The interest disclosed represented 287,586,206 underlying Shares at the conversion price of HK\$0.87 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds) in respect of the 2024 Convertible Bonds issued by the Company to Capital Force and New Capital pursuant to the terms and conditions of the Sale and Purchase Agreement. Mr. Mak is deemed to be interested in such underlying Shares under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force and New Capital.

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

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

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





## SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

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

(i) *Long positions in the Shares:*

Name of the Shareholders	Number of the Shares held	Approximate percentage of the total issued share capital of the Company
		(%)
Capital Force (Note)	96,868,792	11.64
New Capital (Note)	171,357,615	20.59
Capital Winner (Note)	177,798,672	21.36

Note: Capital Force, New Capital and Capital Winner are private corporations, the shares in which are wholly-owned by Mr. Mak beneficially, whose interest in such Shares has also been disclosed under the section headed "Directors' Interests in Shares and underlying Shares" above.

(ii) *Long positions in the underlying Shares of the convertible bonds issued by the Company:*

(a) 2024 Convertible Bonds

Name of the Shareholders	Number of the underlying Shares held	Approximate percentage of the total issued share capital of the Company
		(%)
Capital Force (Note)	206,896,551	24.86
New Capital (Note)	80,689,655	9.69

Note: Capital Force and New Capital are private corporations, the shares in which are wholly-owned by Mr. Mak beneficially, whose interest in such underlying Shares has also been disclosed under the section headed "Directors' Interests in Shares and underlying Shares" above.



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

(ii) *Long positions in the underlying Shares of the convertible bonds issued by the Company:*  
*(continued)*

(b) 2018 Convertible Bonds

<b>Name of the Shareholders</b>	<b>Number of the underlying Shares held</b>	<b>Approximate percentage of the total issued share capital of the Company</b>
		(%)
Top Pride Limited (Note)	90,909,090	10.92
Lee Hung Shing (Note)	90,909,090	10.92

Note: The interest disclosed represented 90,909,090 underlying Shares at the lowest conversion price of HK\$1.1 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds) in respect of the 2018 Convertible Bonds issued by the Company to Top Pride Limited pursuant to the terms and conditions of the Subscription Agreement. Mr. Lee Hung Shing is deemed to be interested in such underlying Shares under the SFO as he controls the exercise of all the voting power at general meeting of Top Pride 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 2016, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.



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# share option scheme

## **SHARE OPTION SCHEME OF THE COMPANY**

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

As at 30 June 2016, there was no share option outstanding under the 2011 Scheme. No share option was granted, exercised, cancelled or has lapsed under the 2011 Scheme during the period for the six months ended 30 June 2016.



## 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 2016.

### **CORPORATE GOVERNANCE**

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

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

#### ***Code Provision A.2.1***

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

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

Mr. Mak currently assumes the roles of both the Chairman and the CEO. Mr. Mak is an executive of high caliber with a wide range of skills and diversified business expertise. He has substantial experience, strong leadership and a firmly established reputation in the diversified business that is essential to fulfilling the role of the Chairman. At the same time, Mr. Mak has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the CEO in the day-to-day management of the Group. The Board 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. Furthermore, the Board believes that the combined roles of Mr. Mak enhance the communication between the Board and the management and ensure the effective execution of the Board's strategy by the management because of Mr. Mak's extensive business experience.



**CORPORATE GOVERNANCE** *(continued)***Code Provision A.4.2**

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

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

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

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

**MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS**

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

**REVIEW OF INTERIM REPORT**

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



## **BOARD AND COMMITTEES OF THE BOARD**

### **Executive Directors**

Mak Shiu Tong, Clement (*Chairman and CEO*)

Tam Ngai Hung, Terry (*Deputy Chairman*)

Cheng Yuk Ching, Flora

William Donald Putt

### **Independent Non-executive Directors**

Tam King Ching, Kenny

Chen Li

Chow Siu Ngor

### **Audit Committee**

Tam King Ching, Kenny (*Chairman*)

Chen Li

Chow Siu Ngor

### **Remuneration Committee**

Chow Siu Ngor (*Chairman*)

Tam King Ching, Kenny

Chen Li

Mak Shiu Tong, Clement

Tam Ngai Hung, Terry

### **Nomination Committee**

Mak Shiu Tong, Clement (*Chairman*)

Tam Ngai Hung, Terry

Tam King Ching, Kenny

Chen Li

Chow Siu Ngor

### **Company Secretary**

Tam Ngai Hung, Terry



# glossary of terms

## GENERAL TERMS

“2011 Scheme”	The share option scheme conditionally adopted by the Company on 27 May 2011 which took effect on 30 May 2011
“2018 Convertible Bonds”	The 1.5% coupon convertible bonds with the aggregate principal amount of HK\$100,000,000 issued by the Company to Top Pride Limited on 3 June 2016 pursuant to the terms and conditions of the Subscription Agreement
“2024 Convertible Bonds”	The 5% coupon convertible bonds with the aggregate principal amount of HK\$250,200,000 issued by the Company to Capital Force and New Capital on 30 March 2016 pursuant to the terms and conditions of the Sale and Purchase Agreement
“AGM”	Annual general meeting
“AHM”	AHM Engineering Company Limited, a company incorporated in Hong Kong and an indirect non-wholly-owned subsidiary of the Company
“Audit Committee”	The audit committee of the Company
“Board”	The board of Directors
“Capital Force”	Capital Force International Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak
“Capital Winner”	Capital Winner Investments Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak
“CCT Land”	CCT Land Holdings Limited, a company listed on the main board of the Stock Exchange



“CCT Land Convertible Bonds”	The zero coupon convertible bonds with the aggregate principal amount of HK\$1,095,671,000 issued by CCT Land to CCT Securities and Glory Merit as full settlement of the promissory notes previously due by CCT Land pursuant to the terms and conditions of the agreement dated 27 October 2015 (as amended by the supplemental agreement dated 10 November 2015) entered into by and among Jade Assets, CCT Securities, Glory Merit, CCT Land and the Company
“CCT Land Group”	CCT Land and its subsidiaries
“CCT Land Shares”	the ordinary shares of par value of HK\$0.01 each in the capital of CCT Land
“CCT Securities”	CCT Telecom Securities Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which is principally engaged in securities business
“CEO”	the chief executive officer of the Company
“CG Code”	The Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Chairman”	The chairman of the Company
“Child Products”	Feeding, health care, hygiene, safety, toy and other related products for infants and babies, which are the child products currently traded by the CCT Land Group
“Child Product Trading Business”	The business of trading and sale of the Child Products currently engaged by the CCT Land Group
“Company”	CCT Fortis Holdings Limited
“Director(s)”	The director(s) of the Company
“Glory Merit”	Glory Merit International Investment Limited, a company incorporated in the British Virgin Islands and a third party independent of the Company and CCT Land





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“Group”	The Company and its subsidiaries
“HK” or “Hong Kong”	The Hong Kong Special Administrative Region of PRC
“HK\$” or “\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“INED(s)”	Independent non-executive director(s)
“Jade Assets”	Jade Assets Company Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Listing Committee”	The listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	The mainland of the PRC
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
“Mr. Mak”	Mr. Mak Shiu Tong, Clement, a Director and the controlling shareholder of the Company
“N/A”	Not applicable
“New Capital”	New Capital Industrial Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak
“Nomination Committee”	The nomination committee of the Company
“PRC” or “China”	The People’s Republic of China
“Remuneration Committee”	The remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of PRC



“Sale and Purchase Agreement”	The agreement dated 27 January 2016 (as amended by the supplemental agreement dated 17 February 2016) entered into between Mr. Mak as vendor and the Company as purchaser in respect of acquisition from Mr. Mak of the entire issued share capital of the companies which hold the properties at House 38 and House 39, No. 56 Repulse Bay Road, Repulse Bay, Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	The ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	Holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	The agreement dated 30 May 2016 entered into between Top Pride Limited as subscriber and the Company as issuer in respect of subscription and issue of the 2018 Convertible Bonds for cash
“Telecom Product Business”	the business of manufacture and sale of telecom, electronic and child products engaged by the CCT Land Group
“US”	The United States of America
“US\$”	United States dollar(s), the lawful currency of US
“%”	Per cent.

## **FINANCIAL TERMS**

“Current Ratio”	Current assets divided by current liabilities
“Earnings Per Share”	Profit attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the period
“EBIT”	Operating profit or loss before interest and taxation
“Gearing Ratio”	Total borrowings (representing bank and other borrowings and finance lease payable) divided by total capital employed (i.e. total Shareholders’ fund plus total borrowings)





