CCT TECH INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00261)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

CHAIRMAN'S LETTER

The year 2008 has turned out to be a traumatic year for every economy and every industry globally. The unprecedented financial tsunami originated from the sub-prime crisis in the United States of America (the "U.S.") has widely swept through all regions and created a serious credit crunch and a sudden squeeze in global consumption. The rippling effects from the financial tsunami on the global economy have badly shaken consumer confidence and damaged the global capital market, which have resulted in recession in the developed countries. As with many other industries and businesses, the operations and performance of CCT Tech International Limited ("CCT Tech" or the "Company") was adversely affected by the financial tsunami.

On behalf of the board of directors (the "Board") of CCT Tech, I herein present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008.

During the year under review, the Group's turnover was HK$2,758 million, decreased by approximately HK$585 million, or 17.5% as compared with the corresponding previous year.

As disclosed in the Company's announcements dated 6 November 2008 and 15 January 2009, the Group's largest single customer in the U.S. (the "U.S. Customer") has discontinued its retail telephony activities in North America (the "Discontinuation"). As a result of the Discontinuation, the Group has written off impairment loss in the amount of HK$82 million on certain under-utilised fixed assets and intangible assets and has incurred restructuring costs in the total amount of HK$44 million associated with the Discontinuation. These exceptional impairment loss and restructuring costs have hit the Group's financial performance for the year ended 31 December 2008, substantially increasing its loss for the year.

Under the global economic contraction environment, our manufacturing business was faced with the most difficult times since its inception. Due to the contracting demand of the telecom products, high operating costs especially in the first half of 2008, and the exceptional impairment loss and restructuring costs arising from the Discontinuation, the Group reported a net loss of approximately HK$317 million for the year ended 31 December 2008. Excluding the exceptional items, the net loss of the Group in the second half of the year amounted HK$68 million, which has substantially reduced from the net loss of HK$123 million in the first half of the year. The improvement in the Group's operating result before the exceptional items in the second half of the year is encouraging and signifies the success of the measures and initiatives taken by the Group to improve its competitiveness.

OUTLOOK

The rippling effects from the financial crisis and the uncertainties on the effectiveness of steps and measures taken by the governments around the world to address the financial crisis will continue to impact the world economy in 2009. We expect the outlook of the manufacturing industry to remain uncertain and challenging for 2009. The Discontinuation is expected to have an adverse impact on the Group's turnover in 2009. However, the Discontinuation has allowed us to eliminate the loss-making U.S. business and to further streamline and restructure our operations to enhance our competitiveness and improve productivity. We have taken all necessary actions to adjust our scale to the appropriate business level. We continue to emphasize cost controls in every areas of business and will continue to diversify our customer base and mitigate market and customer risks. We will continue to make improvement to our operation to gain our competitive edge and seek opportunities to leverage on current economy crisis to develop our business to prepare the Group for next growth cycle.

In view of the uncertain economic environment, the Group will continue to adopt measures to protect its cashflow and strengthen our financial position. Stringent measures have been taken to cut costs and control capital expenditure right across the whole operations and encouraging improvement in gross margins has shown in the first few months of 2009. With our experienced management team, strong research and development capability and sound financial fundamentals, we believe that we are capable of overcome the external pressures and challenges amid the more uncertain global economic environment and we will continue with our best efforts for a successful year of 2009.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my gratitude to management, despite a most difficult environment, for their valuable input and critical analysis, all employees for their hard-working and our shareholders, customers and suppliers and bankers for their continued support and confidence in the Group.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 21 April 2009

REVIEW OF OPERATIONS

The year 2008 was extremely difficult for every industry and business, especially for manufacturing industry. The financial turmoil, originated from the housing and financial market in the U.S. has led to a severe global credit crunch and global economic downturn which has resulted in a recession in the developed economy.

Despite our efforts to diversify customer base and mitigate market and customer risks, revenue of the Group for the year ended 31 December 2008 still recorded a significant drop from approximately HK$3,343 million in 2007 to approximately HK$2,758 million in 2008, represented a drop of 17.5%, due to lower demand under economic downturn.

The Discontinuation did not have any significant effect on the Group's turnover in 2008 as it only occurred in November last year. The customers of the Group comprise many major international distributors and operators and the U.S. Customer is only one of them. The Group's turnover derived from sales to the U.S. Customer for the year ended 31 December 2008 represents approximately 37.5% of the total turnover of the Group for the year ended 31 December 2008, compared with approximately 49.4% for the year ended 31 December 2007. The decrease in the relative proportion of sales to the U.S. customer in 2008 reflects the success of our diversification strategy by reducing our reliance on any single customer. The Discontinuation is expected to have a direct negative impact on the Group's turnover for the future years commencing 1 January 2009. However, it is expected that the loss in turnover from the U.S. Customer will be partially offset by the expected growth in sales to customers in Europe and the Asia Pacific Region. As the sales to the U.S. Customer were loss-making, the Discontinuation has enabled the Group to eliminate the loss-making U.S. business and this is expected to have a positive impact on the Group's performance for the future financial years commencing 1 January 2009. Due to the Discontinuation, certain production facilities of the Group have become under-utilised and the value of such under-utilised fixed assets and certain intangible assets relating to the business of the U.S. customer has been impaired. Furthermore, the Group has incurred certain restructuring costs in order to restructure and streamline the operations to cope with the Discontinuation. As a result, impairment losses and restructuring costs in the aggregate amount of HK$126 million have incurred associated with the Discontinuation and were charged to the Group's consolidated income statement for the year ended 31 December 2008.

Affected by the financial crisis, the sales orders from our customers slowed down in 2008 and as a result turnover decreased. High production costs especially in the first half of the year, fueled by high material costs, surge in labour costs and the appreciation of Renminbi against U.S. dollar, and the exceptional items associated with Discontinuation in the second half of the year adversely affected the performance of our business. As a result, the Group reported a loss of approximately HK$317 million for the year ended 31 December 2008, an increase of 57.7% as compared to a loss of approximately HK$201 million in the corresponding previous year. If the exceptional items are excluded, the loss in the second half of 2008 in fact showed a significant decrease from that in the first half, reflecting encouraging improvement in the operating performance of the Group's manufacturing business.

Against such uncertain conditions, the Group has taken decisive actions towards cost optimization. We have consolidated manufacturing operations, undergone capacity review and taken necessary actions in each location. In order to combat the adverse business environment, the Group has implemented a number of initiatives which include re-engineering of our products, and costs reduction and controls in order to improve our competitiveness and efficiency. Additional initiatives like (i) exploring new markets and expand its sales to Europe, the Middle East, the Asia Pacific Region, and other countries outside North America; (ii) trimming down costs and overheads relating to non-performing business units; (iii) stringent control on capital expenditures and employee recruitments; and (iv) a salary reduction plan for senior management have been implemented. These measures have shown positive effect and as a result the gross margins in the second half of 2008 has improved from that in the first half.

The weak global consumer demand and global economic downturn has led to telecom and electronic manufacturing business ever increasing needs for further cost-down and supply chain restructuring. Facing the challenges in the markets, our research and development team has continued to deliver manufacturing and services solutions to our customers in dealing with their volatile consumer demand and critical requirements for innovative product designs.

These prudent moves have enabled the Group to rationalize both variable and fixed operational expenses at a lower level and to retain a sharper focus on its remaining production capacity. The restructuring and streamline of our operations as a result of the Discontinuation enable the Group to improve efficiency. The impairment loss of fixed assets and intangible assets arising from the Discontinuation and charged to the Group's income statement for 2008 was a non-cash expense item and did not affect the liquidity position of the Group. On the contrary, the future charge for depreciation and amortisation on the impaired assets will be reduced correspondingly and in such case, the provision for impairment loss will have a positive impact on the results of the Group for the future financial years commencing 1 January 2009. Although the exceptional items relating to the Discontinuation have a short-term negative impact on the Group's results for 2008, they will improve the cost structure and efficiency of the Group in the longer term.

Measures have been implemented to look right across the whole operations for ways to drive better efficiencies and lift productivity and these measures have gradually shown positive effect.

ANNUAL RESULTS

The Board of the Company is pleased to announce the results of the Group for the year ended 31 December 2008 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31 December 2008

HK$ million	*Notes*	**2008**	2007
REVENUE	*4*	**2,758**	3,343
Cost of sales		**(2,781)**	(3,306)
Gross profit/(loss)		**(23)**	37
Other income and gains		**36**	25
Selling and distribution costs		**(36)**	(44)
Administrative expenses		**(149)**	(153)
Other expenses		**(8)**	(40)
Finance costs	*7*	**(9)**	(14)
		(189)	(189)
Costs in connection with the Discontinuation and restructuring, net	*5*	**(126)**	—
LOSS BEFORE TAX	*6*	**(315)**	(189)
Tax	*8*	**(2)**	(12)
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(317)**	(201)
DIVIDENDS	*9*	**—**	—
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**(HK0.48 cents)**	(HK0.31 cents)
Diluted		**N/A**	N/A

Consolidated Balance Sheet
31 December 2008

HK$ million	Notes	2008	2007
NON-CURRENT ASSETS			
Property, plant and equipment		**449**	569
Investment properties		**178**	178
Prepaid land lease payments		**47**	48
Goodwill		**22**	22
Other intangible assets		**—**	25
Total non-current assets		**696**	842
CURRENT ASSETS			
Inventories		**106**	186
Trade and bills receivables	*11*	**402**	689
Prepayments, deposits and other receivables		**32**	24
Financial assets at fair value through profit or loss		**—**	28
Pledged time deposits		**86**	85
Cash and cash equivalents		**455**	476
Total current assets		**1,081**	1,488
CURRENT LIABILITIES			
Trade and bills payables	*12*	**610**	875
Tax payable		**9**	12
Other payables and accruals		**156**	168
Interest-bearing bank loans and other borrowings		**265**	189
Total current liabilities		**1,040**	1,244
NET CURRENT ASSETS		**41**	244
TOTAL ASSETS LESS CURRENT LIABILITIES		**737**	1,086
NON-CURRENT LIABILITIES			
Interest-bearing bank loans, secured		**—**	31
Deferred tax liabilities		**2**	4
Total non-current liabilities		**2**	35
Net assets		**735**	1,051
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**654**	654
Reserves		**81**	397
Total equity		**735**	1,051

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest million (HK$ million) except when otherwise indicated.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures — Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures — Reclassification of Financial Assets*

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held-to-maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) HK(IFRIC)-Int 11 *HKFRS 2 — Group and Treasury Share Transactions*

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

(c) HK(IFRIC)-Int 12 *Service Concession Arrangements*

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for the obligations undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

(d) HK(IFRIC)-Int 14 *HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the telecom and electronic products segment engages in the manufacture and sale of telecom and electronic products and accessories; and

(b) the corporate and others segment comprises corporate income and expense items.

In determining the Group's geographical segments, revenues are attributed to the segments based on the final locations where the Group's products were sold to consumers.

(a) Business segments

The following table presents revenue and loss for the Group's business segments for the years ended 31 December 2008 and 2007.

Group

	Telecom and electronic products		Corporate and others		Total	
HK$ million	**2008**	2007	**2008**	2007	**2008**	2007
Segment revenue:						
Sales to external customers	**2,752**	3,328	**—**	—	**2,752**	3,328
Other revenue	**35**	24	**1**	1	**36**	25
Total	**2,787**	3,352	**1**	1	**2,788**	3,353
Segment results	**(308)**	(168)	**(4)**	(22)	**(312)**	(190)
Interest income					**6**	15
Finance costs					**(9)**	(14)
Loss before tax					**(315)**	(189)
Tax					**(2)**	(12)
Loss for the year					**(317)**	(201)

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments.

Group

	North America		Europe		Asia Pacific		Consolidated	
HK$ million	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Segment revenue:								
Sales to external customers	**1,234**	1,802	**1,130**	1,114	**388**	412	**2,752**	3,328
Other revenue	**—**	—	**—**	—	**36**	25	**36**	25
Total	**1,234**	1,802	**1,130**	1,114	**424**	437	**2,788**	3,353

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and interest income.

Revenue from the following activities has been included in turnover:

HK$ million	**2008**	2007
Revenue		
Manufacture and sale of telecom and electronic products	**2,752**	3,328
Bank interest income	**6**	15
	2,758	3,343

5. COSTS IN CONNECTION WITH THE DISCONTINUATION AND RESTRUCTURING, NET

The costs incurred and accrued as at 31 December 2008 in connection with the Discontinuation and restructuring, are summarised below:

HK$ million	**2008**
Impairment of items of property, plant and equipment	**60**
Impairment of deferred development costs	**22**
Redundancy costs and severance payments	**27**
Other related losses	**17**
	126

6. LOSS BEFORE TAX

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

HK$ million	2008	2007
Cost of inventories sold	**2,781**	3,306
Depreciation	**92**	96
Amortisation		
— Prepaid land lease payments	**1**	2
— Deferred development expenditure	**24**	35
Fair value gain on financial assets at fair value through profit or loss	**—**	(1)

7. FINANCE COSTS

HK$ million	2008	2007
Interest on bank loans and other borrowings wholly repayable within five years	**9**	14

8. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year. Prior year's Hong Kong profits tax had been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

HK$ million	2008	2007
Group:		
Current — Hong Kong:		
Charge for the year	**—**	4
Overprovision in prior years	**—**	(1)
Underprovision in prior years	**1**	—
Current — Elsewhere:		
Charge for the year	**1**	7
Underprovision in prior years	**2**	—
Deferred	**(2)**	2
Total tax charge for the year	**2**	12

9. DIVIDENDS

No dividends have been paid or declared by the Company for the year ended 31 December 2008 (2007: Nil).

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

The calculation of the basic loss per share amount for the year is based on the loss for the year attributable to ordinary equity holders of the parent of HK$317 million (2007: HK$201 million) and the weighted average number of 65,413,993,990 (2007: 64,946,100,839) ordinary shares in issue during the year.

Diluted loss per share amounts for the year ended 31 December 2008 and 2007 have not been disclosed, as no diluting events existed during the year.

11. TRADE AND BILLS RECEIVABLES

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	Group			
	2008		2007	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**136**	**34**	203	29
31 to 60 days	**112**	**28**	210	30
61 to 90 days	**139**	**34**	198	29
Over 90 days	**15**	**4**	78	12
	402	**100**	689	100

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	Group			
	2008		2007	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**111**	**18**	191	22
31 to 60 days	**82**	**14**	237	27
61 to 90 days	**159**	**26**	182	21
Over 90 days	**258**	**42**	265	30
	610	**100**	875	100

FINANCIAL REVIEW

Highlights on Financial Results

HK$ million	**2008**	2007	% increase/ (decrease)
Turnover	**2,758**	3,343	(17.5%)
Loss from operation before exceptional items	**(189)**	(189)	—
Costs in connection with the Discontinuation and restructuring, net	**(126)**	—	N/A
Loss before tax	**(315)**	(189)	66.7%
Tax	**(2)**	(12)	(83.3%)
Loss attributable to shareholders of the Company	**(317)**	(201)	57.7%

Discussion on Financial Results

Turnover of the Group for the year ended 31 December 2008 amounted to HK$2,758 million which represents a decrease of approximately 17.5% as compared to the corresponding period in 2007. The drop in the turnover of the Group is primarily due to the contraction of global consumption as affected by the financial tsunami.

The loss of the Group for the year ended 31 December 2008, including the exceptional items of HK$126 million associated with the Discontinuation, was approximately HK$317 million, represented an increase of 57.7% as compared to a loss of HK$201 million in the previous financial year of 2007.

The exceptional items mainly represent impairment loss on certain under-utilized fixed assets and intangible assets due to the Discontinuation and the restructuring costs relating to the business with the U.S. Customer. Excluding the exceptional items associated with the Discontinuation, the Group reported an operation loss before taxation of approximately HK$189 million for the year ended 31 December 2008, same as financial year 2007. The operating loss (excluding the exceptional items) of the Group's business was due to the decrease in sales volume and high production costs especially in the first half of the year.

The loss of the Group before the exceptional items in the second half of the year was approximately HK$68 million, representing a decrease in loss of approximately HK$55 million or 44.7% as compared to the loss of HK$123 million in the first half of the year. The significant improvement in the operating result in the second half signals a positive sign of the Group's efforts in reviving its manufacturing business.

Analysis by Business Segment

HK$ million	Revenue (excluding other revenue) 2008	2007	Operating loss before corporate and others, finance costs and tax 2008	2007
Manufacture and sale of telecom and electronic products (before exceptional items)	**2,758**	3,343	**(182)**	(168)
Costs in connection with the Discontinuation and restructuring, net			**(126)**	—
Manufacture and sale of telecom and electronic products (after exceptional items)			**(308)**	(168)

During the financial year 2008, manufacture and sale of telecom and electronic products remained the core business of the Group. The Group posted an operating loss (before the exceptional items associated with the Discontinuation) of approximately HK$182 million for the year ended 31 December 2008, as compared to an operating loss of HK$168 million in the previous corresponding year. The unsatisfactory results were due to the combined effect of (i) the unprecedented financial tsunami which affected global consumption and which led to a drop of the demand of telecom and electronic products in the market in North America; and (ii) high material and labour costs especially in the first half of the year which affected the gross margins of our manufacturing business. After including the exceptional items associated with the Discontinuation, the operating loss of the telecom product business of the Group increased to HK$308 million in 2008 as compared with HK$168 million in 2007 in which there was no exceptional items.

Analysis by Geographical Segment

	Turnover				
	2008		2007		**% increase/**
HK$ million	**Amount**	**Relative %**	Amount	Relative %	**(decrease)**
North America	**1,234**	**44.7%**	1,802	53.9%	(31.5%)
Europe	**1,130**	**41.0%**	1,114	33.3%	1.4%
Asia Pacific Region	**394**	**14.3%**	427	12.8%	(7.7%)
Total	**2,758**	**100.0%**	3,343	100.0%	

In order to better reflect the geographical risks of the Group's sales, the geographical classification in the current year is prepared with reference to the final locations where the Group's products were sold to consumers instead of where the Group's customers were incorporated. The geographical segment information for the prior year has been restated to conform with the current year's presentation.

During the year ended 31 December 2008, the North America was the largest market of the Group, accounting for approximately 44.7% (2007: 53.9%) of the Group's turnover. The drop in the Group's sales to North America was mainly due to the decrease in customers' orders stemming from diminishing customers' demand as a result of the financial turmoil. The Group's sales to the Europe market increased by 1.4% to approximately HK$1,130 million due to the increase in orders from the Group's European customers, and contributed approximately 41.0% (2007: 33.3%) of the Group's total turnover. The sales to the Asia Pacific Region accounted for approximately 14.3% (2007: 12.8%) of the Group's turnover. The change in the geographical demography in 2008 reflects that our market diversification policy over the years has proven to be a sound strategy and has reduced our reliance on a single market.

Highlights on Financial Position

HK$ million	2008	2007	% increase/ (decrease)
Property, plant and equipment	**449**	569	(21.1%)
Other intangible assets	**—**	25	(100.0%)
Other non-current assets	**247**	248	(0.4%)
Inventories	**106**	186	(43.0%)
Trade and bill receivables	**402**	689	(41.7%)
Cash and cash equivalents	**455**	476	(4.4%)
Non-current liabilities	**2**	35	(94.3%)
Shareholders' funds	**735**	1,051	(30.1%)

Discussion on Financial Position

As at 31 December 2008, the balance of property, plant and equipment decreased significantly by approximately 21.1% to approximately HK$449 million, attributable mainly to depreciation of the fixed assets during the year and the impairment in the value of the under-utilised production facilities arisen from the Discontinuation.

Other intangible assets represent the carrying value of the capitalised deferred development costs relating to products developed and designed for the U.S. Customer. Due to the Discontinuation, the value of the capitalized deferred developments cost has impaired entirely. As a result, the capitalized deferred development costs brought forward in the amount of approximately HK$22 million was written off and was charged to the consolidated income statement of the Group for the year ended 31 December 2008.

Other non-current assets represent investment properties, prepaid land lease payments and goodwill. The carrying value of the other non-current assets decreased by approximately 0.4%, attributable mainly to amortisation of prepaid land lease payment during the year.

As at 31 December 2008, inventories of the Group amounted to approximately HK$106 million, a drop of approximately 43.0% as compared to the balance as at 31 December 2007. The significant decrease in inventories is in line with the decrease in turnover of the Group and reflects improvement in inventory control during the year under review. Inventory turnover period (calculated by average inventory at year end divided by cost of sales for the year) of the Group for the year maintained at a low level of 19.2 days (2007: 20.8 days). Given the uncertain global business environment, the Group's inventories level was maintained at a reasonable low level.

As at 31 December 2008, trade and bills receivable of the Group dropped by approximately 41.7% to approximately HK$402 million. The reduction in trade and bills receivable is in line with the decrease in the Group's turnover and reflects good payment records of the Group's customers even during the financial turmoil.

Non-current liability decreased due to re-classification of certain bank borrowings to current liabilities.

Shareholders' funds decreased from HK$1,051 million to HK$735 million as at 31 December 2008. The decrease in the shareholders' funds was due to the loss attributable to the equity shareholders of the Company during the year.

CAPITAL STRUCTURE AND GEARING RATIO

	31 December 2008		31 December 2007	
HK$ million	**Amount**	**Relative %**	Amount	Relative %
Total bank and other borrowings	**265**	**26.5%**	220	17.3%
Equity	**735**	**73.5%**	1,051	82.7%
Total capital employed	**1,000**	**100.0%**	1,271	100.0%

The Group's gearing ratio increased to approximately 26.5% as at 31 December 2008 from 17.3% as at 31 December 2007 as a result of new bank loans raised by the Group and the decrease in equity due to the loss of the year. Although the gearing ratio increased, it is still maintained at a low level. After taking into account the cash on hand, the Group did not have any net borrowings and in fact had a positive net cash balance (net of borrowings) of approximately HK$276 million.

As at 31 December 2008, the maturity profile of the bank and other borrowings of the Group falling due within one year and in the second to the fifth year amounted to HK$184 million and HK$81 million respectively (31 December 2007: HK$189 million and HK$31 million respectively). All the Group's bank borrowings were borrowed to finance the ordinary business of the Group. There is no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK$ million	**31 December 2008**	31 December 2007
Current assets	**1,081**	1,488
Current liabilities	**1,040**	1,244
Current ratio	**103.9%**	119.6%

The current ratio of the Group changed from 119.6% as at 31 December 2007 to 103.9% as at 31 December 2008, reflecting a healthy liquidity position during the financial turmoil. The slight decrease in the current ratio is partly due to the re-classification of certain bank borrowings to current liability. Despite the substantial operating loss in 2008 (most of which was attributable to non-cash loss), the Group's cash balance was only slightly reduced from HK$561 million as at 31 December 2007 to HK$541 million as at 31 December 2008, of which HK$86 million (31 December 2007: HK$85 million) was pledged for general banking facilities. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong.

In view of the Group's current level of cash and bank balances, funds generated internally from our operations and the unutilized banking facilities available, the Board is confident that that Group will have sufficient resources to meet its debt repayment and finance its operations during the financial turmoil.

CAPITAL COMMITMENTS

As at 31 December 2008, the capital commitment of the Group was approximately HK$2 million (2007: HK$16 million). The capital commitment will be funded partly by internal resources and partly by bank borrowings.

TREASURY MANAGEMENT

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

During the year, the Group's receipts were mainly denominated in U.S. dollars, with some in Hong Kong dollars and the Euro. Payments were mainly made in Hong Kong dollars, U.S. dollars and Renminbi and some made in Euros. Cash was generally placed in short-term deposits denominated in Hong Kong dollars and U.S. dollars. The Group's borrowings were principally made on a floating rate basis.

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

In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the U.S. dollar in terms of receipts and the Renminbi in terms of the production costs (including mainly wages and overheads) in China. For U.S. dollar exposure, since the Hong Kong dollar remains pegged to the U.S. dollar, the exchange fluctuation is not expected to be significant. In addition, as most of the Group's purchases are also made in U.S. dollars, which are to be paid out of our sales receipts in U.S. dollars, the management considers that the foreign exchange exposure risk for the U.S. dollar is not material.

For Renminbi exposure, as our wages and overheads in our factories in China are paid in Renminbi, our production costs may rise due to the possible further appreciation of Renminbi. The Group will continue to explore ways and methods to hedge future appreciation of Renminbi and will only consider entering into any forward contracts at appropriate costs and pricing.

ACQUISITIONS AND DISPOSALS OF MATERIAL SUBSIDIARIES AND ASSOCIATES

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

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment as at 31 December 2008 (31 December 2007: Nil).

PLEDGE OF ASSETS

As at 31 December 2008, certain of the Group's assets with net book value of HK$475 million (31 December 2007: HK$497 million) and time deposits of approximately HK$86 million (31 December 2007: HK$85 million) were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2008, corporate guarantees of HK$960 million (31 December 2007: HK$892 million) were given by the Company to banks in connection with facilities granted to subsidiaries of the Company, of which approximately HK$305 million (31 December 2007: HK$322 million) were utilised.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2008 was 7,892 (31 December 2007: 12,919). Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. Share options may also be granted to eligible employees and persons of the Group. During the year, there were no outstanding share options (31 December 2007: Nil) issued by the Company as at 31 December 2008.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company, the Company has complied with the code provisions under the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the financial year under review, except for the following deviations from the code provisions of the CG Code:

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

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

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

Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company have been disclosed in the interim report of the Company for the six months ended 30 June 2008 and will be disclosed in the corporate governance report contained in the 2008 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS OF THE COMPANY

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

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The Audit Committee consists of three members comprising the three independent non-executive directors of the Company ("INED(s)"), namely Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Chen Li, one of whom is a qualified accountant and has extensive experience in accounting and financial matters. The Audit Committee is chaired by an INED who is subject to rotation each year.

The Audit Committee has reviewed the adopted accounting principles and practices and discussed the auditing, internal control and financial reporting matters. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2008 with the management and the external auditors of the Company. Regular meetings have been held by the Audit Committee since its establishment and the Audit Committee held four meetings in 2008.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2008 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2009.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") with specific written terms of reference in line with the code provisions under the CG Code. The Remuneration Committee consists of five members comprising the three INEDs, namely Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Chen Li, and the two executive directors of the Company, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee held one meeting in 2008. The Remuneration Committee is chaired by an INED who is subject to rotation each year.

Further information of the Remuneration Committee will be disclosed in the corporate governance report contained in the 2008 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY

The Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise throughout the financial year under review. The Board currently comprises the three INEDs, one of whom has accounting and financial expertise and brings strong independent judgement, knowledge and experience to the Board.

PUBLICATION OF THE ANNUAL RESULTS, ANNUAL REPORT AND CORPORATE GOVERNANCE REPORT

The results announcement of the Company for the year ended 31 December 2008 is published on the websites of the Company at www.cct-tech.com.hk and The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. The annual report, corporate governance report and notice of the annual general meeting of the Company will be despatched to the shareholders of the Company and made available on the websites of the Company and The Stock Exchange of Hong Kong Limited on or before 30 April 2009.

ANNUAL GENERAL MEETING

The 2009 annual general meeting of the shareholders of the Company will be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Tuesday, 2 June 2009 at 10:00 a.m. and the notice of the annual general meeting of the Company will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 29 May 2009 to Tuesday, 2 June 2009 (both days inclusive), during which period, no transfer of share(s) will be effected. In order to determine the entitlement to attend and vote at the forthcoming annual general meeting of the Company, 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 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 27 May 2009.

BOARD OF DIRECTORS

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

By Order of the Board
Mak Shiu Tong, Clement
Chairman

Hong Kong, 21 April 2009

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