CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

CHAIRMAN'S LETTER

On behalf of the board of the directors (the "**Board**") of CCT Telecom Holdings Limited (the "**Company**"), I am pleased to report the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2010.

Two years on from the worst global downturn in decades, year 2010 has been one of recovery for the global economy. The global economy appears to be on its way walking out of the unprecedented financial tsunami, however in a rather slow pace. Taking advantage of the gradual recovery of the global economy and benefiting from the Group's restructuring and streamlining initiatives, the Group recorded an increase of 16.1% in turnover to $1,919 million in 2010. The Group's net profit after tax for the year advanced further by 12.1% to $37 million as compared to $33 million in last corresponding year.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of $0.035 per share for the year 2010 to the shareholders whose names appear on the register of members of the Company on Friday, 27 May 2011, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company. The proposed final dividend will be payable from the Company's distributable reserve and will be paid on or around Monday, 13 June 2011 following the shareholders' approval at the forthcoming annual general meeting of the Company. Taking into account the $0.030 per share 2010 interim dividend paid in September 2010, the total dividend per ordinary share amounted to $0.065 per share for this financial year 2010, compared with the same total dividend of $0.065 per ordinary share distributed in respect of the year 2009.

REVIEW OF OPERATIONS

During the year under review, the principal businesses of the Group are (i) the manufacture and sale of telecom and electronic products; (ii) the manufacture and sale of electronic and plastic components; (iii) the manufacture and sale of infant and child products; (iv) the securities business; (v) the property development; and (vi) the property investment and holding.

Telecom product business

The telecom product business engaged by the Company's principal listed subsidiary, CCT Tech International Limited ("**CCT Tech**") and its subsidiaries (the "**CCT Tech Group**"), remains the largest business sector of the Group, in terms of turnover.

2010 is a year of a slight recovery for the global economy. Though most of the economic indicators are showing affirmative signals for recovery, impressive economic growth in real term has yet been noted in the major North American and European markets. Despite economic uncertainty, the CCT Tech Group has been able to take advantage of this minor recovery to get back to the right business track and to reposition itself in the market. Since the exit of CCT Tech Group's previous single largest customer from the North American telephony market at the end of 2008 (the "**Discontinuation**"), CCT Tech Group has basically lost the North American market, which once contributed more than 50% of CCT Tech Group's revenue. To ease part of the adverse impact arising from the Discontinuation, CCT Tech Group has expanded the European market and has diversified into the Asian Pacific and other regions. In Europe, CCT Tech Group continued to gain market share in 2010, and managed to achieve revenue of $1,187 million, representing an increase of 11.2% from the corresponding year. It is encouraging to see that CCT Tech Group's effort to diversify its business into markets outside North America and Europe has begun to see results. Sales to the Asian Pacific and other regions increased sharply by approximately 44.0% to approximately $324 million for the year, contributed approximately 20.6% of CCT Tech Group's total turnover.

The entering by CCT Tech Group of the GE Trademark License Agreement (the "**License Agreement**") with GE Trademark Licensing, Inc. ("**GE**") in February 2010 marked an important milestone of the CCT Tech Group, which not only reduces reliance on its original designing manufacturing ("**ODM**") business but also opens up a new avenue for business growth from distribution of GE telecom products worldwide. Since the execution of the License Agreement, CCT Tech Group has already established a distribution company in the United States of America ("**US**") and has developed new lines of GE telecom products that are expected to be able to fit the current poor US retail market sentiment. We have already established a foothold in the US market and we expect that our new GE telecom products will enter the US retail shelves in 2011.

With regard to the development of the branded distribution business in the markets outside North America ("**European and ROW Markets**"), the CCT Tech Group has engaged an experienced professional distributor with established distribution networks in these markets. We believe such initial open up strategy would help our GE telecom products to penetrate into the European and ROW Markets in a timely and cost effective manner. This strategy has proven to be successful as the branded distribution business has contributed revenue of $18 million from the European and ROW Markets in the fourth quarter of 2010.

Our track record of strong product innovation and offerings continues. CCT Tech Group launched a new series of SOHO products for use in small and home offices during the year, which have been well received by the market. The new innovated product produced by us, the screen communication tablet with integrated home phone built on Linux technology with multi-functions including internet access, photos display, easy-to-use touch big-screen operation and filled with music formats, has achieved strong sales and received favorable response from the market. To step up our commitment in product research and development ("**R&D**"), in October 2010, the Group acquired office premises in Shenzhen in order to relocate its R&D centre of the telecom product business, which is currently housed in a leased office in Shenzhen. The newly acquired premises will be used as the R&D centre and back-up supporting offices for the telecom product business and the infant and child product business of the Group, which will provide enough space for the Group to cope with the future growth and development of these businesses. We believe the newly acquired premises will improve management efficiency, coordination and reduction in costs in the long term.

Rising costs posed a major challenge to the CCT Tech Group in 2010. Increase in minimum wages in the Mainland China, rising costs of materials, high inflation and the continuing appreciation of Renminbi ("**RMB**") have negatively impacted our margins. However, the CCT Tech Group continued to benefit from the cost restructuring initiatives taken in previous years and the efforts to streamline operations and improve efficiency during the year, resulting in an overall improvement in result in 2010.

Manufacturing of electronic and plastic components

The Group's component business (representing manufacture of plastic casing, power supply and transformer) continues to provide vertical support to the CCT Tech Group for production of telecom and electronic products. Most of these components are sold to the CCT Tech Group and some of the plastic component products are sold to independent third parties. Benefit from the cost restructuring and streamlining initiatives taken in previous years, the component business achieved significant improvement in performance and managed to turn from an operating loss of $35 million in 2009 to an operating profit of $1 million in 2010.

Infant and child product business

The infant and child product business continued to grow in 2010. Turnover surged 28.9% from $166 million in the last corresponding year to $214 million in the year, caused by the increase in orders from the major customers. The key products of the segment including the baby care kit set, the milk bottle warmer and steriliser continued to sell well in 2010. We have launched a new baby monitor product which has received good response from the market. During the year, the infant and child product business segment moved its manufacturing facilities from the Huiyang factory (which houses CCT Tech Group's telecom product manufacturing business and the component business) to the Group's Dongguan factory in order to provide more manufacturing space for the expansion of the business. As a result of the removal, certain production overhead and one-off costs were incurred, which caused a reduction of operating profit in 2010. The management has already taken steps and measures to drive productivity and efficiency in the new environment. The Group has also stepped up its effort to expand the customer base of this business segment and it is encouraging to see that new customers have started to place orders. We have also dedicated more resources in the development baby products and enhance our product range and offerings, which provide a solid platform for this segment to grow further.

New product line – health care product business

The child care product business has diversified into a new product line for design, development, manufacture and sale of home health care products such as humidifier, air purifier, thermometer and other personal care products such as blood pressure gauge and blood glucose monitor. Experienced management teams have been hired and this new business started generating revenue in second quarter of 2011. We believe this new product line has good potential to grow into a major contributor to this business segment as demand for high quality personal health care products is high.

Securities business

Notwithstanding that the investment environment has begun to improve since 2009, the global financial markets remained volatile in 2010. The Heng Seng Index traded in the range between approximately 19,000 points to approximately 25,000 points and closed at approximately 23,000 points at year end. The Group was able to capture the rebound of the market during the year and realised a gain of approximately $9 million from the securities business. However, because of the consolidation adjustments of the stock market towards the end of the year, an unrealised loss of $10 million was recorded arising from mark-to-market loss on our listed shares portfolio at year end. The Group's securities business ended to post a net operating loss of $1 million in 2010, compared to an operating profit of $97 million in 2009, when the stock market sharply rebounded after the global financial turmoil in 2008.

Property development

The austerity measures taken by the central government of the PRC to regulate residential property prices has limited effect on our property development projects in the Anshan City, the Liaoning Province. Pre-sale of the first phase of our TieXi project in Anshan that started in December 2009 continued with encouraging market response in 2010. Up to 31 December 2010, a total of 391 units were pre-sold, representing more than 75% of the total units of the first phase. We are delighted to report that the first phase of the TieXi project has been completed and over half of the pre-sold units have been delivered to the buyers for occupation at the end of 2010. After two years of development, the property development business has started to recognise revenue of approximately $85 million and delivered an operating profit of approximately $9 million to the Group in 2010. Following the success of the first phase development, we have stepped up the development of the second phase of the TieXi project and have started the development of the second project located in the Gao Xin (high-technological) District of Anshan, which is bigger and has a better location than the TieXi project.

Property investment and holding

The residential property market in Hong Kong picked up steam in year 2010. The buying frenzy is fuelled by economic recovery in Hong Kong and the PRC and the extremely low interest rate environment. The Group's residential property holdings comprise of three luxury residential houses situated in the prime luxury residential areas in the southern side of the Hong Kong Island. Because of the scarce supply of this sector of properties, the luxury residential market benefits most from the current hot property market and prices escalated to a record high in 2010. As such, this business segment contributed a net gain of HK$102 million to the Group in 2010, attributable to the revaluation gain of the properties.

Disposal of investment

The Group was the holding company of Merdeka Resources Holdings Limited ("**Merdeka Resources**"), a company engaged in the forests resources business and whose shares are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. Ever since the Group's shareholding in Merdeka Resources dropped below 50%, the Group has ceased to classify Merdeka Resources as its subsidiary and its business as the Group's principal business. As such, the Group entered into an agreement during the year to dispose of 700,000,000 shares, representing 13.14% interest of its shareholding in Merdeka Resources at HK$0.097 per share realising proceeds of approximately HK$68 million (the "**Disposal**"), in order to divest and realise part of its investment in that company and allow the directors previously nominated to manage that company to focus their time and effort in the Group's businesses.

After the Disposal, the Group's interest in Merdeka Resources has reduced from 38.13% to 24.99% and the remaining interest is retained as investment.

OUTLOOK

We are encouraging to see the global economy might have broken away the worst period of the financial crisis. However, the global markets are still fragile and volatile. Fears of renewed fiscal crises, high unemployment rate in the US, faltering consumer confidence have all contributed to sluggish conditions. Furthermore, the debt crisis occurred in certain European countries and the recent social unrest and political instability in Libya and the Middle East has given rise to further global economic uncertainty. The regional unstable political situation has begun to show its impact on the global economy as the price of crude oil had been pushed up to a level of US$100 a barrel. The multiple disasters in Japan has caused world stocks to tumble and make the global economy look even more cloudy. On the other hand, inflation is expected to go up at a faster pace globally and commodity and material prices are expected to rise further in the light of the gradual recovery in the world economy and large-scale reconstruction efforts in Japan. The continued shortage of labor in the Guangdong Province and further increase in minimum wage are expected to push up labor cost further. Coupled with the further future appreciation of Renminbi, the Group's business will be facing difficult challenges and unusual uncertainty in 2011.

On the positive side, our internal restructuring initiatives taken in previous years will continue to provide positive impact to our costs and efficiency. We will continue to step up our effort to counteract costs increase and to improve productivity. We will continue to enhance our product offerings and optimising our product mix to meet market expectation. The CCT Tech Group's ODM business, especially in Europe and the Asian Pacific and other regions, will continue to grow in 2011. We believe that the license of the GE trademark under the License Agreement will open a new avenue for the future business growth of the CCT Tech Group and will enable the CCT Tech Group to re-enter the US market, which once was the largest single market of the CCT Tech Group. Broadband is moving with fast pace into homes worldwide. The CCT Tech Group has been taking this new business opportunity at an early stage by introducing new cordless technologies like CAT-iq (Cordless Advanced Technology – internet and quality) and VoIP (Voice over Internet Protocol). Furthermore, new generation communication devices are being planned and introduced by telco operators. The CCT Tech Group has been investing already into new product technologies like Android OS based products with touch screen, DECT/CAT-iq, WiFi and Bluetooth. The CCT Tech Group will progressively increase our R&D investment in such broadband connected products. The CCT Tech Group will also expand its contract manufacturing services ("**CMS**"), enhance its CMS customer base and will diversify its product range to audio, video and other consumer electronic products. We believe such new business will grow and will become a significant revenue contributor for the CCT Tech Group in the years to come. Given the unusual uncertainty ahead, we must remain cautious in terms of expansion. With our strong management team and the prudent approach we have taken, we remain confident that the telecom product business will continue to make steady progress in performance.

We believe the infant and child product business has excellent growth potential. We are committed to put in more resources in expanding such business. The segment has overcome the temporary reduction in efficiency caused by the factory removal and we expect that the segment's profitability will resume growth in 2011. We are confident about our newly developed personal health care products and believe that the new products will receive good response from customers. We believe the infant and child product business together with the new product line will become one of our core drivers for future growth.

As the global economy emerges from the downturn, we expect the stock market in Hong Kong will rise in the future. Although the stock market is currently affected by external factors, we are optimistic in the long-term economic outlook in Hong Kong and the PRC. As the fiscal and regulatory policies taken by the central government to rein inflation begins to show effect later this year, we believe the stock market will react favorably in the future. As most of our securities holdings are Hang Seng Index constituent stocks and H-shares in large Chinese corporations, we believe that they will benefit from the stabilised global economy and the recovery of the stock market. We closely monitor the stock market and will capture opportunity to realise some of our securities holdings.

The strength of the economy of the PRC is evident. We are confident about our property development business which will continue to perform this year and in the future. We will expedite development of our existing projects and will consider opportunity to enhance our land bank. However, we have adopted a prudent strategy in term of expansion as the control of housing prices remains one of the top targets of the PRC government this year. Given the optimistic long-term economic outlook in the PRC and supply for quality housing still falls short of demand, we are confident of the prospect of our property development business and expect that it will become a key driver for our revenue and profitability growth in the future.

We are of the opinion that the measures taken by the Hong Kong Government to curb speculation and stablise property prices do not have any significant effect on the luxury residential property market because the supply of such type of properties is scarce. We believe the prices of luxury houses in prime locations will continue to rise but at a slower pace in 2011. However, as the residential properties that we hold in Hong Kong have already recorded significant revaluation gain, the Board intends to sell House No. 7, Rosecliff, No. 20 Tai Tam Road, Hong Kong in order to realise part of these fruitful gains as when suitable opportunities arises. We intent to keep the two houses at No. 56 Repulse Bay Road, Hong Kong for long-term investment gains.

APPRECIATION

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

Mak Shiu Tong, Clement
Chairman

Hong Kong, 29 March 2011

FINANCIAL REVIEW

HIGHLIGHTS ON FINANCIAL RESULTS

HK$ million	**2010**	2009	% increase/ (decrease)
Turnover	**1,919**	1,653	16.1%
Profit for the year	**37**	33	12.1%
Profit/(loss) attributable to:			
Owners of the parent	**40**	42	(4.8%)
Non-controlling interests	**(3)**	(9)	(66.7%)
	37	33	12.1%
Earnings per share	**HK$0.066**	HK$0.060	10.0%
Dividends per share	**HK$0.065**	HK$0.065	-

Discussion on Financial Results

For the year ended 31 December 2010, the Group reported a turnover of $1,919 million, representing an increase of 16.1% compared to the last corresponding year. The revenue growth was largely due to the growth of the telecom product business and the infant and child product business.

The Group reported profit after tax of $37 million for the year, representing an increase of 12.1% compared to the profit after tax of approximately $33 million in the last corresponding year, showing continued improvement in our business performance.

ANALYSIS BY BUSINESS SEGMENT

	Turnover				
	2010		2009		% increase/
HK$ million	**Amount**	**Relative %**	Amount	Relative %	(decrease)
Telecom product business	**1,573**	**81.9%**	1,451	87.8%	8.4%
Component business	**293**	**15.2%**	262	15.8%	11.8%
Infant and child product business	**214**	**11.2%**	166	10.0%	28.9%
Securities business	**9**	**0.5%**	17	1.0%	(47.1%)
Property development	**85**	**4.4%**	-	-	N/A
Property investment and holding	**5**	**0.3%**	5	0.3%	-
Unallocated items	**-**	**-**	1	0.1%	N/A
Intersegment transactions	**(260)**	**(13.5%)**	(249)	(15.0%)	4.4%
Total	**1,919**	**100%**	1,653	100.0%	16.1%

	Profit/(loss) before tax		
			% increase/
HK$ million	**2010**	2009	(decrease)
Telecom product business	**1**	(12)	N/A
Component business	**1**	(35)	N/A
Infant and child product business	**11**	30	(63.3%)
Securities business	**(1)**	97	N/A
Property development	**9**	2	350.0%
Property investment and holding	**102**	76	34.2%
Unallocated items	**(59)**	(107)	(44.9%)
Total	**64**	51	25.5%

During the year under review, most of the Group’s core business segments achieved increase in turnover. The telecom product business continued to be the largest business segment of the Group, in terms of turnover and number of employees. This business segment contributed approximately 81.9% of the Group’s total turnover. The segment’s turnover increased 8.4% to $1,573 million in

2010, due to the success of strategies and initiatives taken by the CCT Tech Group to reposition its market focus and geographical diversification. The segment's operating results improved further and turned from an operating loss before tax of $12 million in 2009 to an operating profit before tax of $1 million in 2010, caused largely by turnover growth and initiatives taken by the CCT Tech Group to restructure operations, drive efficiency and control costs. This year's results of the telecom product segment has accounted for certain costs incurred by the CCT Tech Group in the development and set-up of the GE telecom product business, which is expected to provide benefit to the segment in the long run after the branded distribution business is built up.

Revenues derived from the components business increased 11.8% to $293 million for year ended 31 December 2010, in line with the increase in sales of the telecom product business. The components business sector delivered an operating profit of approximately $1 million in year 2010, as compared to an operating loss of approximately $35 million in previous corresponding year, indicating strong recovery of the operations of this segment.

Amidst weak business environment, our infant and child products business in the year continued to perform well. Turnover of the segment rose 28.9% to HK$214 million for the year due to increased orders from customers. Profit before tax contributed by the infant and child product business was HK$11 million, representing an decrease of HK$19 million from last year, due to additional costs and overhead caused by removal of its factory to Dongguan.

The Group's securities business recorded an operating loss of $1 million in 2010 attributable to an unrealised mark-to-market loss of $10 million on share portfolio after setting off an realised gain of $9 million derived from the securities business, as compared to a net profit of $97 million in the last corresponding year. The change in result reflects the strong rebound of the stock market in 2009 after the financial tsunami compared with a volative market in 2010.

The property development business achieved its first year turnover of $85 million (2009: Nil) attributable to the completion of development of the first phase of TieXi project in Anshan. The segment contributed net operating profit of approximately $9 million in 2010 (2009: $2 million).

The property investment and holding business posted a net profit of approximately $102 million for the year ended 31 December 2010 (2009: $76 million), mainly due to the unrealised fair value gain arising from revaluation of its luxury residential properties in Hong Kong at the year end.

Unallocated items mainly represent the head office administrative expenses and share of loss of Merdeka Resources until the Disposal. The unallocated items dropped by 44.9% to HK$59 million in 2010, due largely to the decrease in share of loss from Merdeka Resources as a result of the Disposal and the capital gain from the Disposal.

ANALYSIS BY GEOGRAPHICAL SEGMENT

	Turnover				
	2010		2009		% increase/
HK$ million	**Amount**	**Relative %**	Amount	Relative %	(decrease)
Europe	**1,200**	**62.6%**	1,078	65.2%	11.3%
Asian Pacific and others	**521**	**27.1%**	321	19.4%	62.3%
North America	**198**	**10.3%**	254	15.4%	(22.0%)
Total	**1,919**	**100.0%**	1,653	100.0%	16.1%

Europe continued to remain the largest market of the Group during the year under review and contributed approximately 62.6% of its total turnover. The sales to the Asian Pacific and other regions and the North America accounted for 27.1% and 10.3% respectively, of the Group's total turnover reflecting diversification of geographical market following the Discontinuation.

The performance in the European market was encouraging, achieved a further growth of 11.3% in turnover during the year. Sales to the Asian Pacific and other regions increased by 62.3% to HK$521 million, reflecting success of the CCT Tech Group's strategy by penetrating its business into markets in the Asian Pacific and other regions. Sales to North America declined further by 22.0% to only HK$198 million for the year, as a result of the Discontinuation.

HIGHLIGHTS ON FINANCIAL POSITION

HK$ million	**31 December 2010**	31 December 2009 (Restated)	% increase/ (decrease)
NON-CURRENT ASSETS			
Property, plant and equipment	**696**	796	(12.6%)
Investment properties	**325**	227	43.2%
Investment in an associate	**-**	187	N/A
Available-for-sale investments	**106**	4	2,550.0%
CURRENT ASSETS			
Inventories	**129**	98	31.6%
Trade receivables	**433**	401	8.0%
Prepayment, deposits and other receivables	**278**	405	(31.4%)
Properties under development	**305**	129	136.4%
Completed properties held for sale	**99**	-	N/A
Financial assets at fair value through profit or loss	**234**	255	(8.2%)
Pledged time deposits	**83**	65	27.7%
Cash and cash equivalents	**610**	566	7.8%
CURRENT LIABILITIES			
Trade and bills payables	**502**	418	20.1%
Current interest-bearing bank and other borrowings	**411**	427	(3.7%)
EQUITY AND NON-CURRENT LIABILITIES			
Non-current interest-bearing bank and other borrowings	**250**	1	24,900.0%
Non-controlling interests	**352**	355	(0.8%)
Equity attributable to owners of the parent	**2,085**	2,073	0.6%

Discussion on Financial Position

As at 31 December 2010, the amount of the property, plant and equipment decreased by 12.6% to approximately $696 million. The decrease was mainly attributable to the depreciation charge of $82 million after netting of additions to property, plant and equipment during the year.

The investment properties increased from $227 million as at 31 December 2009 to $325 million as at 31 December 2010, attributable largely to the unrealised fair value gain arising from year end revaluation of the properties.

After completion of the Disposal, the Group's interest in Merdeka Resources has been reduced from 38.13% to 24.99% and the Group ceased to have board representation in Merdeka Resources. As such, Merdeka Resources ceased to be an associate of the Group in 2010 and accordingly, the Group's interest in Merdeka Resources was classified as available-for-sale investments stated at fair market value as at 31 December 2010.

As at 31 December 2010, inventories of the Group increased to $129 million, due to revenue increase and accumulation of additional inventory to cope with future growth of business. Inventory turnover period of the Group for the year further improved to 24.7 days (2009: 28.9 ays).

Trade receivables of the Group amounted to $433 million as at 31 December 2010, a slight increase of 8.0 % from $401 million as at 31 December 2009. The trade receivables increased in line with increase in sales.

Prepayments, deposits and other receivables balance as at 31 December 2010 include prepayment for the acquisition of land use rights of a development land site in the Anshan City, Liaoning Province, the PRC, which amounted to approximately $186 million (2009: $321 million). The decrease in the amount of prepayment is attributable mainly to the re-classification of the cost of a piece of development land located in the Anshan City to the property under development account in 2010. The balance of the amount represents mainly the prepayments and deposits relating to the manufacturing businesses.

As at 31 December 2010, the balance of the properties under development increased by 136.4% to approximately $305 million. The increase is mainly attributable to the land cost of a piece of development land located in the Anshan City reclassified from prepayments, deposits and other receivables and construction and development expenditure incurred relating to the property development projects in Anshan.

As at 31 December 2010, completed properties held for sale in the amount of $99 million represents the completed units of the first phase of the TieXi project located in the Anshan City, of which $48 million is attributable to the pre-sold units but not yet delivered to buyers for occupation.

The decrease in the balance of the financial assets at fair value through profit or loss was attributable to the aggregate effect of the disposal of part of our holdings in Hong Kong listed shares during the year and decrease in fair value of the listed shares held as at 31 December 2010.

Additional time deposits were pledged to banks to secure additional banking facilities, resulting in increase in pledged time deposits from $65 million as at 31 December 2009 to $83 million as at 31 December 2010.

Cash and cash equivalents increased by 7.8% to $610 million as at 31 December 2010. The net increase in cash and bank balance represents net cash inflow during the year.

Trade and bills payables increased by approximately 20.1% to $502 million, reflecting increase of purchases in line with the growth in sales.

The aggregate amount of the current and non-current interest-bearing bank and other borrowings increased from approximately $428 million as at 31 December 2009 to approximately $661 million as at 31 December 2010, up 54.4%. The increase represents net increase of the bank borrowings during the year in order to cope with the working capital requirements for increase in sales and potential future expansion in business.

Decrease in the non-controlling interests was mainly attributable to the share of loss in the CCT Tech Group for the year by the minority shareholders of CCT Tech.

The increase of the equity attributable to owners of the parent from $2,073 million as at 31 December 2009 to $2,085 million as at 31 December 2010 was primarily due to the profit attributable to the owners of the parent for the year net off against the dividend paid in cash during the year.

CAPITAL STRUCTURE AND GEARING RATIO

	31 December 2010		31 December 2009	
HK$ million	**Amount**	**Relative %**	Amount (Restated)	Relative %
Bank borrowings	**659**	**24.0%**	426	17.0%
Finance lease payable	**2**	**0.1%**	2	0.1%
Total borrowings	**661**	**24.1%**	428	17.1%
Equity	**2,085**	**75.9%**	2,073	82.9%
Total capital employed	**2,746**	**100.0%**	2,501	100.0%

The Group's gearing ratio was approximately 24.1% as at 31 December 2010 (2009: 17.1%). The increase in gearing ratio was largely caused by the net increase of bank borrowings during the year. Taking into account the pledged time deposits and the free cash on hand, the Group, however, did not have any net borrowings, indicating the strong financial position of the Group.

Outstanding bank borrowings amounted to $659 million at 31 December 2010 (2009: $426 million). Approximately 62.2% of these bank borrowings was arranged on a short-term basis for the ordinary business activities of the Group and was repayable within one year. The remaining 37.8% of the bank borrowings was of long-term nature, principally comprised of mortgage loans on properties held by the Group.

Acquisition of certain of the Group's assets was financed by way of finance leases and the total outstanding finance lease payables for the Group as at 31 December 2010 amounted to approximately $2 million (2009: $2 million).

As at 31 December 2010, 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 in the sixth to the tenth year amounted to $411 million, $166 million and $84 million, respectively (2009: $427 million, $1 million and nil, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK$ million	31 December 2010	31 December 2009 (Restated)
Current assets	**2,467**	2,039
Current liabilities	**1,182**	1,076
Current ratio	**208.7%**	189.5%

The Group's current ratio as at 31 December 2010 was 208.7% (2009: 189.5%). The strong liquid position was attributable to the effective financial management of the Group.

As at 31 December 2010 the Group's cash balance amounted to $693 million (2009: $631 million), of which $83 million (2009: $65 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 cash position and the unutilised banking facilities available, the Group is maintaining in a sound financial position and have sufficient resources to finance its operations and its future expansion plan.

CAPITAL COMMITMENTS

As at 31 December 2010, capital commitment of the Group amounted to approximately $24 million (2009: $46 million) mainly on construction cost of a property development project. 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 financial year 2010, the Group's receipts were mainly denominated in US dollar, with some in Hong Kong dollar and the Euro. Payments were mainly made in Hong Kong dollar, US dollar and Renminbi and some made in Euro. Cash was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollar and US dollar. As at 31 December 2010, the Group's borrowings were mainly denominated in Hong Kong dollar and US dollar. As at 31 December 2010, the Group's borrowings were principally made on a floating rate basis.

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

For Renminbi exposure, as wages and overhead in our factories in the PRC are paid in Renminbi, our production costs will rise due to the possible further appreciation of Renminbi. Despite call from the US for faster appreciation of Renminbi against the US dollar, the Group believes that the PRC government will only allow Renminbi to appreciate against the US dollar modestly in 2011 in order not to cause too much damage to the Chinese economy. We will continue to explore methods to hedge against RMB appreciation but will only consider to enter into any currency derivative product that will not give rise to high risk.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

Save for the Disposal, the Group did not acquire or dispose of any material subsidiaries and associates during the year under review.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment as at 31 December 2010 (2009: Nil).

PLEDGE OF ASSETS

As at 31 December 2010, certain of the Group's assets with a net book value of $886 million (2009: $775 million) and time deposits of approximately $83 million (2009: $65 million) were pledged to secure the general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2010, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2010 was 8,059 (2009: 8,212). 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 31 December 2010, there were no outstanding share options issued by the Company.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company during the 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 2010 and will be disclosed in the corporate governance report contained in the 2010 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2011.

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 three independent non-executive directors (the "**INED(s)**"), namely Mr. Lau Ho Man, Edward, Mr. Tam King Ching, Kenny and Mr. Chen Li, two of whom are qualified accountants and have extensive experience in accounting and financial matters. The Audit Committee is chaired by an INED.

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 2010. Regular meetings have been held by the Audit Committee since its establishment and the Audit Committee held four meetings in 2010.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2010 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2011.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") with specific written terms of reference in line with the code provisions under the CG Code. The Remuneration Committee consists of five members comprising three INEDs, namely Mr. Lau Ho Man, Edward, Mr. Tam King Ching, Kenny and Mr. Chen Li, and two executive directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee held one meeting in 2010. The Remuneration Committee is chaired by an INED.

Further information of the Remuneration Committee will be disclosed in the corporate governance report contained in the 2010 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY

Each of the INEDs of the Company has filed a written confirmation to the Company confirming his independence pursuant to Rule 3.13 of the Listing Rules and has undertaken to inform The Stock Exchange of Hong Kong Limited and the Company as soon as practicable if there is any subsequent change in circumstances which may affect his independence. As at the date of this announcement, the INEDs of the Company are still considered to be independent. The INEDs of the Company are not appointed for any specific terms, but they are subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the bye-laws 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 year ended 31 December 2010. The Board comprises three INEDs, two of whom have accounting and financial expertise, and the three INEDs bring 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 2010 is published on the websites of the Company at www.cct.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 2011.

ANNUAL GENERAL MEETING

The 2011 annual general meeting of the Company will be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Friday, 27 May 2011 at 10:45 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 Wednesday, 25 May 2011 to Friday, 27 May 2011 (both days inclusive), during which period, no transfer of share(s) will be effected. In order to qualify for the proposed final dividend and 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 Tuesday, 24 May 2011.

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 of the Company are Mr. Tam King Ching, Kenny, Mr. Lau Ho Man, Edward and Mr. Chen Li.

By Order of the Board
Mak Shiu Tong, Clement
Chairman

Hong Kong, 29 March 2011

ANNUAL RESULTS

The Board is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2010, together with the comparative amounts for the previous year as follows:

Consolidated Income Statement

For the year ended 31 December 2010

HK$ million	*Notes*	**2010**	2009
REVENUE	*5*	**1,919**	1,653
Cost of sales		**(1,739)**	(1,479)
Gross profit		**180**	174
Other income and gains	*5*	**220**	203
Selling and distribution costs		**(60)**	(29)
Administrative expenses		**(228)**	(217)
Other expenses		**(17)**	(19)
Finance costs	*6*	**(13)**	(7)
Share of loss of an associate		**(18)**	(54)
PROFIT BEFORE TAX	*7*	**64**	51
Income tax expense	*8*	**(27)**	(18)
PROFIT FOR THE YEAR		**37**	33
Attributable to:			
Owners of the parent		**40**	42
Non-controlling interests		**(3)**	(9)
		37	33
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**HK$0.07**	HK$0.06
Diluted		**HK$0.07**	HK$0.06

Details of the dividends payable and proposed for the year are disclosed in note 9 below.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

HK$ million	**2010**	2009
PROFIT FOR THE YEAR	**37**	33
Other comprehensive income/(loss), net of tax:		
Change in fair value of available-for-sale investments	**(9)**	-
Exchange differences on translation of foreign operations	**20**	(5)
Share of other comprehensive income of an associate	**-**	6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**48**	34
Attributable to:		
Owners of the parent	**51**	43
Non-controlling interests	**(3)**	(9)
	48	34

Consolidated Statement of Financial Position

31 December 2010

HK$ million	*Notes*	**31 December 2010**	31 December 2009 (Restated)	1 January 2009 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		**696**	796	886
Prepayments for acquisition of property, plant and equipment		**11**	-	-
Investment properties		**325**	227	171
Prepaid land lease payments		**239**	208	213
Goodwill		**55**	55	55
Investment in an associate		**-**	187	229
Available-for-sale investments		**106**	4	4
Deferred tax assets		**1**	1	1
Total non-current assets		**1,433**	1,478	1,559
Current assets				
Inventories		**129**	98	135
Property for development		**-**	-	113
Properties under development		**305**	129	-
Completed properties held for sale		**99**	-	-
Investment property classified as held for sale		**137**	120	87
Non-current assets held for sale		**159**	-	-
Trade receivables	*12*	**433**	401	422
Prepayment, deposits and other receivables		**278**	405	256
Financial assets at fair value through profit or loss		**234**	255	446
Pledged time deposits		**83**	65	89
Cash and cash equivalents		**610**	566	786
Total current assets		**2,467**	2,039	2,334
Total assets		**3,900**	3,517	3,893
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Issued capital		**61**	61	85
Reserves		**2,003**	1,991	2,108
Proposed final dividend		**21**	21	20
		2,085	2,073	2,213
Non-controlling interests		**352**	355	364
Total equity		**2,437**	2,428	2,577

HK$ million	*Notes*	**31 December 2010**	31 December 2009 (Restated)	1 January 2009 (Restated)
Non-current liabilities				
Interest-bearing bank and other borrowings		**250**	1	1
Deferred tax liabilities		**31**	12	3
Total non-current liabilities		**281**	13	4
Current liabilities				
Trade and bills payables	*13*	**502**	418	551
Tax payable		**32**	34	29
Other payables and accruals		**198**	193	211
Receipts in advance		**39**	-	-
Derivative financial instrument		**-**	4	47
Interest-bearing bank and other borrowings		**411**	427	474
Total current liabilities		**1,182**	1,076	1,312
Total liabilities		**1,463**	1,089	1,316
Total equity and liabilities		**3,900**	3,517	3,893
Net current assets		**1,285**	963	1,022
Total assets less current liabilities		**2,718**	2,441	2,581

Notes :

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") (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, investment property classified as held for sale, derivative financial instrument, certain available-for-sale investments and financial assets at fair value through profit or loss, which have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest million except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in May 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in April 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised) and HK Interpretation 5, the adoption of the above new and revised HKFRSs has had no significant financial effect on these financial statements.

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

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010. The adoption of these revised standards does not have any significant financial effect on these financial statements.

(b) HK Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The interpretation requires a term loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. Prior to the adoption of this interpretation, the Group's term loan was classified in the consolidated statement of financial position separately as to current and non-current liability portions based on the maturity date of repayment. Upon the adoption of this interpretation, certain term loan has been reclassified entirely as a current liability. The interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 *Presentation of Financial Statements*, these financial statements also include a statement of financial position as at 1 January 2009.

The above change has had no effect on the consolidated income statement. The effect on the consolidated statement of financial position is summarised as follows:

HK$ million	31 December 2010	31 December 2009	1 January 2009
CURRENT LIABILITIES			
Increase in interest-bearing bank and other borrowings	-	143	123
NON-CURRENT LIABILITIES			
Decrease in interest-bearing bank and other borrowings	-	(143)	(123)

There was no impact on the net assets of the Group.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendment	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[4]
HKFRS 9	*Financial Instruments* [6]
HKAS 12 Amendments	Amendment to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

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

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

(b) the components segment which is the manufacture and sale of electronic accessories and components;

(c) the infant and child products segment which is the manufacture and sale of infant and child products;

(d) the securities business segment which is the trading in securities and the holding of securities and treasury products;

(e) the property development segment engages in the development and sale of properties; and

(f) the property investment and holding segment which is the investment and holding of properties.

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 interest income, equity-settled share option expenses, finance costs, share of profits and losses of an associate as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude non-current assets held for sale, deferred tax assets, investments in an associate and corporate and other unallocated assets as these assets are managed on a group basis.

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

Segment information about the business segment of the Group for the year ended 31 December 2010 and 2009 is presented as below:

	Telecom and electronic Products		Components		Infant and child products		Securities business		Property development		Property investment and holding		Reconciliations		Group total	
HK$ million	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Segment revenue:																
Sales to external customers	1,572	1,451	38	31	214	152	9	17	85	-	1	1	-	1	1,919	1,653
Other revenue	18	10	3	1	1	1	-	-	1	-	-	-	1	4	24	16
Intersegment revenue	1	-	255	231	-	14	-	-	-	-	4	4	(260)	(249)	-	-
	1,591	1,461	296	263	215	167	9	17	86	-	5	5	(259)	(244)	1,943	1,669
Operating profit/(loss)	7	(9)	1	(35)	11	30	(1)	97	9	2	102	76	-	-	129	161
Interest income	2	-	-	-	-	-	-	-	-	-	-	-	-	1	2	1
Finance costs	(8)	(3)	-	-	-	-	-	-	-	-	-	-	(5)	(4)	(13)	(7)
Reconciled items:																
Corporate and other unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(36)	(50)	(36)	(50)
Share of loss of an associate	-	-	-	-	-	-	-	-	-	-	-	-	(18)	(54)	(18)	(54)
Profit/(loss) before tax	1	(12)	1	(35)	11	30	(1)	97	9	2	102	76	(59)	(107)	64	51
Other segment information:																
Expenditure for non-current assets	72	11	3	-	28	1	-	-	1	1	3	-	1	-	108	13
Depreciation and amortisation	(54)	(65)	(23)	(23)	(2)	(2)	-	-	-	-	(7)	(7)	(1)	(1)	(87)	(98)
Other material non-cash items:																
Net impairment of trade receivables	(7)	(13)	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(13)
Other non-cash expenses	-	(18)	-	(1)	-	-	-	-	-	-	-	-	-	-	-	(19)
Fair value gain on investment properties and investment property classified as held for sale	-	-	-	-	-	-	-	-	-	-	114	89	-	-	114	89
Fair value gain on derivative financial instrument	-	-	-	-	-	-	-	34	-	-	-	-	-	-	-	34
Fair value (loss)/gain on financial assets at fair value through profit or loss	-	-	-	-	-	-	(10)	53	-	-	-	-	-	-	(10)	53
Reversal of impairment of items of property, plant and equipment	26	-	28	-	-	-	-	-	-	-	-	-	17	-	71	-
Segment assets	1,527	1,433	315	380	126	87	236	318	664	476	645	536	(72)	(71)	3,441	3,159
Reconciled items:																
Investment in an associate	-	-	-	-	-	-	-	-	-	-	-	-	-	187	-	187
Non-current assets held for sale	70	-	69	-	-	-	-	-	-	-	-	-	20	-	159	-
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	300	171	300	171
Total assets	1,597	1,433	384	380	126	87	236	318	664	476	645	536	248	287	3,900	3,517
Segment liabilities	973	786	82	76	44	32	91	51	89	1	176	162	(72)	(71)	1,383	1,037
Reconciled items:																
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	80	52	80	52
Total liabilities	973	786	82	76	44	32	91	51	89	1	176	162	8	(19)	1,463	1,089

Geographical information

Additional disclosures on segment information by geographical location for the year ended 31 December 2010 and 2009 are shown below:

(a) *Revenue from external customers*

HK$ million	**2010**	2009
Europe	**1,200**	1,078
Asian Pacific and Others	**521**	321
North America	**198**	254
	1,919	1,653

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	**2010**	2009
Hong Kong	**527**	500
Mainland China	**905**	977
Other countries	**1**	1
	1,433	1,478

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

Information about major customers

For the year ended 31 December 2010, revenue from each of two major customers of the telecom and electronic products segment was HK$604 million and HK$443 million, respectively, representing 31% and 23% of the Group's total revenue, respectively.

For the year ended 31 December 2009, revenue from each of two major customers of the telecom and electronic products segment was HK$541 million and HK$277 million, respectively, representing 33% and 17% of the Group's total revenue, respectively.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered, gross income from treasury investment which includes interest income on bank deposits and other financial assets, net realised gain or loss from securities investment (which includes dividend income), gross proceeds (net of business tax) from sale of properties and rental income from investment properties.

An analysis of revenue, other income and gains is as follows:

HK$ million	**2010**	2009
Revenue		
Manufacture and sale of telecom and electronic products	**1,608**	1,482
Manufacture and sale of infant and child products	**214**	152
Realised gain from sale of securities investment, net	**9**	17
Sale of properties	**85**	-
Rental income from investment properties	**1**	1
Bank interest income	**2**	1
	1,919	1,653
Other income and gains		
Investment and other income	**220**	203

6. FINANCE COSTS

An analysis of finance costs is as follows:

HK$ million	**2010**	2009
Interest on bank loans wholly repayable within five years	**6**	4
Interest on bank loans wholly repayable after five years	**7**	3
Total interest expenses on financial liabilities not at fair value through profit or loss	**13**	7

7. PROFIT BEFORE TAX

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

HK$ million	**2010**	2009
Cost of inventories sold	**1,679**	1,374
Cost of properties sold	**60**	-
Depreciation	**82**	93
Amortisation of prepaid land lease payments	**5**	5
Fair value loss/(gain) on financial assets at fair value through profit or loss	**10**	(53)
Fair value gain on derivative financial instrument	**-**	(34)
Fair value gain on investment properties and investment property classified as held for sale	**(114)**	(89)
Gain on disposal of investment in an associate	**(10)**	-
Reversal of impairment of items of property, plant and equipment	**(71)**	-

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

HK$ million	**2010**	2009
Current – Hong Kong		
Charge for the year	**2**	5
Current – Elsewhere		
Charge for the year	**5**	2
PRC land appreciation tax	**1**	-
Underprovision in prior years	**-**	2
Deferred	**19**	9
Total tax charge for the year	**27**	18

9. DIVIDENDS

HK$ million	**2010**	2009
Paid interim – HK$0.030 (2009: HK$0.030) per ordinary share	**18**	20
Proposed final – HK$0.035 (2009: HK$0.035) per ordinary share	**21**	21
Total	**39**	41

The proposed final dividend for the year is subject to approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic and diluted earnings per share amount for the year is based on the profit for the year attributable to ordinary equity holders of the parent of HK$40 million (2009: HK$42 million), and the weighted average number of 606,144,907 (2009: 690,455,859) ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2010 and 2009 in respect of a dilution as the impact of the outstanding share options granted by a subsidiary of the Company had an anti-dilutive effect on the basic earnings per share amounts presented.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2010, the Group acquired fixed assets of approximately HK$69 million (2009: HK$13 million). During the prior year, the Group disposed of fixed assets of HK$4 million.

12. 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:

	2010		2009	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**164**	**38**	136	34
31 to 60 days	**130**	**30**	104	26
61 to 90 days	**119**	**27**	124	31
Over 90 days	**20**	**5**	37	9
	433	**100**	401	100

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

13. 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:

	2010		2009	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**151**	**31**	106	25
31 to 60 days	**122**	**24**	95	23
61 to 90 days	**72**	**14**	80	19
Over 90 days	**157**	**31**	137	33
	502	**100**	418	100

14. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group entered into an agreement for the disposal of certain non-current assets held for sale for a total consideration of approximately HK$139 million, with a reversal of impairment of approximately HK$54 million being recognised in the consolidated income statement for the year ended 31 December 2010.

15. COMPARATIVE AMOUNTS

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

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