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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 2011

CHAIRMAN'S LETTER

On behalf of the board of the directors (the "**Board**") of CCT Telecom Holdings Limited (the "**Company**"), I report the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2011.

The year 2011 has turned out to be another turbulent year for the global economy and financial markets, after the global financial crisis happened in 2008. In 2011, the Group encountered numerous challenges led by various events occurred globally (the "**Material Adverse Events**"), details of which have been disclosed in the Company's announcement dated 29 December 2011. The Material Adverse Events have caused the Group to terminate the license agreement with GE Trademark Licensing, Inc. ("**GE**") with effect from 31 December 2011 (the "**Discontinuation**") and then to discontinue the business of manufacturing and distributing the GE licensed products worldwide (the "**License Business**"). As a result of the Material Adverse Events, the Group has incurred certain exceptional costs and losses in an aggregate amount of $171 million (the "**Exceptional Losses**") associated with the License Business, the Discontinuation, the measures to restructure the Group's manufacturing businesses and losses on the securities business. These Exceptional Losses have a material negative impact on the Group's results for the year ended 31 December 2011.

During the year under review, the Group's turnover was $2,034 million, increased by approximately 6.0% as compared with the corresponding previous year. Rising costs posed a major challenge to the Group in 2011. The combined impact of the rising costs and the Exceptional Losses has resulted in the Group reporting a significant net loss attributable to owners of the parent of approximately $195 million for 2011, as opposed to a net profit attributable to owners of the parent of approximately $40 million for 2010.

PROPOSED FINAL DIVIDEND

Despite the unsatisfactory in results of the Group, the Board recommended the payment of a final dividend of $0.035 per share for the year 2011 to the shareholders whose names appear on the register of members of the Company on Friday, 1 June 2012, 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 Wednesday, 20 June 2012 following the shareholders' approval at the forthcoming annual general meeting of the Company. Taking into account the $0.030 per share 2011 interim dividend paid in September 2011, the total dividend per ordinary share amounted to $0.065 per share for this financial year 2011, same dividend as 2010. Notwithstanding the adverse performance of the Group in 2011, the Board proposed payment of the same amount of dividend for the year to reward the shareholders of the Company, signifying that the Board is still positive on the future prospects of the Group.

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 baby 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.

As the Discontinuation occurred only at the end of 2011, it has little impact on the CCT Tech Group's revenue for 2011. Nor the Discontinuation is expected to have any significant impact on the CCT Tech Group's revenue for future years as the revenue of the License Business represents only 10.2% of the CCT Tech Group's total revenue for 2011. Adversely affected by the sluggish economy in the United States of America ("**US**"), its high unemployment rate, and unprecedented sovereign credit downgrading, the US consumer market has been dampened and as a result, the sale performance of the License Business is much lower than expected. Compounded with its high ramp-up and operating costs, the License Business has recorded loss since commencement and its loss increased further in 2011, owing to the Material Adverse Events. The Discontinuation has resulted in the CCT Tech Group incurring certain one-off costs and losses associated with closure of the CCT Tech Group's US distribution company, winding up of the operations and clearing of the inventory of the License Business. Furthermore, certain moulds and tools used to manufacture GE licensed products, which may not be used to produce other products of the CCT Tech Group have been impaired. Although the exceptional losses arising from the License Business and the

Discontinuation have materially adversely impacted the CCT Tech Group's result for 2011, the Discontinuation has enabled the CCT Tech Group to eliminate the loss-making License Business and this is expected to have a positive impact on the CCT Tech Group's performance for the future financial years.

Traditional cordless phones remain our core products while new innovated products saw significant growth in revenue. Most of our sales are generated from original design manufacturing ("**ODM**") business. Europe remains the largest market of the CCT Tech Group, contributing 56.7% of the CCT Tech Group's total turnover during the year. However, sales to Europe declined by 25.9% in 2011, led by the stagnant economy in Europe as the eurozone debt crisis deepened. The Asian Pacific and other regions, accounting for 33.6% of the CCT Tech Group's turnover, continued to outperform other market regions of the CCT Tech Group. Revenue derived from these market regions rose 61.1% due to strong sales of the screen communication tablet in Australia and expansion of CCT Tech's business in the emerging markets like the People's Republic of China ("**PRC**" or "**China**"), South America and Mexico. The North American market contributed $151 million in turnover, increased by a 143.5% over the last corresponding year mainly attributable to sales of the GE licensed telephony products in the US before the Discontinuation.

The CCT Tech Group is strong in radio-frequency and broadband technologies and has invested substantially in product research and development ("**R&D**") activities. Its strong R&D and manufacturing capability has enabled it to develop and introduce well-designed products with multi-functions and superior quality. During the year, 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 continued to sell well. The CCT Tech Group has also launched the Android based Multimedia Phone in 2011, which has a 3.2 inches large display touch-screen operation, built-in WiFi, CAT-iq 2.0 compatible and this new product has received good market response.

Amidst challenging operating environment, it is encouraging to see that the contract manufacturing service ("**CMS**") of the CCT Tech Group delivered strong growth in revenue to approximately $131 million during the year, surged 254.1% as compared with $37 million in the previous corresponding year. The CMS business has added new customers and has broadened its product mix to include audio, video and other consumer products. The e-Books, which are electronic books in multimedia tablets equipped with Android 2.3 or above operating system with colour TFT display, was launched in 2011. Other new products include the Audio and Stereo Mobile headsets and the Bluetooth Cell Link Devices enabling audio or music playback routing from mobile phone to its tailor-made audio system and equipped with Apple devices connectors for charging and synchronization with iTunes. These new CMS products have achieved strong sales and favourable market response.

Besides the impact of Discontinuation, the result performance of the CCT Tech Group was also adversely affected by a significant increase in the operating costs. Factory payroll soared approximately 41.0% in 2011, led by increase in minimum wages and acute shortage of labor in the Guangdong Province. This was compounded with new charges and levies imposed by local government, rising cost of materials and commodities (including petroleum), high inflation and continuing appreciation in Renminbi ("**RMB**"), which together caused material negative impact on the CCT Tech Group's profitability in 2011. As a result, the CCT Tech Group's gross margin declined sharply from 6.9% in 2010 to only 3.0% in 2011.

To combat rising costs, measures have been implemented not only to trim costs all across the board, but also to consolidate, centralise, and restructure the CCT Tech Group's manufacturing operations, in order to rationalise both variable and fixed operational expenses at a lower level. Such restructuring initiatives will improve efficiency, productivity and competitiveness of the CCT Tech Group in the long run but have resulted in certain one-off losses which formed part of the Exceptional Losses charged for 2011.

As a result of the rising operating costs and the Exceptional Losses, the CCT Tech Group's net loss for 2011 soared to approximately $165 million.

Manufacturing of electronic and plastic components

Same as previous years, the Group's component business continues to provide vertical support to the CCT Tech Group for production of telecom and electronic products. Most of the components manufactured by the Group are sold to the CCT Tech Group and some of the plastic component products are sold to independent third parties. Like most of other manufacturing businesses, our component manufacturing business also faced rising operating costs including high material costs, rising labor costs and continuing appreciation of RMB. As a result, the gross margin was eroded and the component business posted an operating loss before tax of $11 million during the year ended 31 December 2011.

Baby and child product business

The products of the baby and child product business are diversified and comprise a wide range of products for infants and children ranging from child nursery, feeding, health care, hygiene and safety products to baby monitors. The child nursery, feeding and care products and baby monitors remain the core products of this business . Amidst challenging business environment, turnover of the baby and child product business dropped 3.7% to $206 million in the year under review, led by decline in business of the segment's major US customer, suffered from the poor market sentiment in the US. To combat the current difficult operating environment, the Group has restructured, consolidated and streamlined the operation of the baby and child product business in order to drive productivity and efficiency. The Group has also implemented tight measures to control costs. As a result, certain one-off costs of approximately $16 million, which have been included in the

Exceptional Losses, were incurred in 2011, which represent mainly impairment of fixed assets for certain under-utilised production facilities and other costs associated with the restructuring, consolidation and streamlining of the operations. As such, this business segment recorded an operating loss of approximately $18 million for the current financial year as compared to an operating profit of approximately $11 million for the last financial year.

Securities business

Confronted by the global economic woes in the US and the debt turmoil in the eurozone, the world stock markets were volatile and plummeted in 2011. The Hang Seng Index and the Hang Seng China Enterprises Index plunged 29.5% and 36.2% respectively from 31 December 2010 to their lowest level in 2011, appeared on 4 October 2011 and still declined 20.0% and 21.7% respectively to the closing indexes of 18,434 and 9,936 respectively at the end of 2011. In view of the uncertain outlook of the stock market, the Group realised some of its securities holdings to reduce its investment in listed shares in 2011 and incurred net realised losses of approximately $9 million as a result. In addition, the Group's securities business also recorded unrealised fair value losses of approximately $32 million, which represent mark-to-market losses in the value of its securities portfolio as at 31 December 2011. As a result of the market downturn caused by the Material Adverse Events, the Group's securities business ended up posting a net loss before tax of $42 million in 2011, which loss forms part of the Exceptional Losses, as compared to an operating loss of only $1 million in 2010.

Property development

Our property development projects are situated in Anshan City, the Liaoning Province, the PRC. This business segment performed well in 2011, notwithstanding that the central government of the PRC introduced and implemented a series of tightening measures to control housing prices. Development of the first phase of "Landmark City" situated in the Tiexi District of Anshan was completed in 2010. This project has an aggregate gross floor area ("**GFA**") of approximately 54,179 sq. m., comprising 519 residential units with total GFA of approximately 51,761 sq. m. and shops of approximately 2,418 sq. m., of which about 90% of the housing units representing GFA of approximately 44,719 sq. m. and shops of GFA of approximately 1,959 sq. m. have been sold in the two years of 2010 and 2011. Besides the first phase of "Landmark City", the construction of the second phase of "Landmark City" project and the first phase of "Evian Villa" project has been completed in 2011. The second phase of "Landmark City" comprises 496 housing units with a total GFA of approximately 48,476 sq. m. and shops with a total GFA of approximately 1,753 sq. m.. The first phase of "Evian Villa" is situated in the Gao Xin (high-technological) District of Anshan, a newly developed city zone with better view and living environment. This project has an aggregate GFA of approximately 64,010 sq. m. comprising 291 housing units with GFA of approximately 48,689 sq. m., shops of approximately 2,139 sq. m. and 290 car parks of approximately 13,182 sq. m.. As the project is situated in an up-market residential location, the project can demand higher unit price per GFA than the "Landmark City" project. Notwithstanding slowing housing markets in the mainland, the sale momentum of our property projects in Anshan picked up in 2011. We sold an aggregate 462 housing units with total GFA of approximately 46,349 sq. m. and shops of approximately 2,974 sq. m. in 2011. Benefited by a large increase in sales, the property development business achieved strong growth, generated revenue of approximately $259 million and contributed an operating profit before tax of approximately $48 million in 2011, as compared with revenue of $85 million and operating profit of only $9 million in 2010.

Property investment and holding

The Group's holdings of residential property investment in Hong Kong include three luxury houses situated in the prime up-market residential areas in the southern side of the Hong Kong Island. Because of shortage of supply, the prices of our residential properties continued to rise in the first half of 2011, but the pace of price hike was slower than 2010 as the residential property market encountered consolidation amid financial volatility and policy headwinds in the second half of 2011. The property investment segment recorded an operating loss before tax of approximately $1 million for 2011, attributable to expenses related to the properties held, including mortgage loan interest, net off against unrealised revaluation gain on the luxury residential houses recognised in the first half of 2011. This segment, however, contributed an operating profit before tax of approximately $102 million for 2010, due to the strong unrealised gain recognised on revaluation of our investment properties, led by surge in prices of prime luxury properties in that year. As the Group has confidence on the property market in Hong Kong in the long term, it purchased two floors of the office building located at 31/F and 32/F and 7 car parking of Fortis Tower, 77-79 Gloucester Road, Hong Kong at the end of 2011, of which one floor has been occupied as the new corporate head office of the Group and the other floor will be held for long term investment purpose.

Acquisition of medical business

On 2 August 2011, the Group entered into an agreement with InnoMed Scientific Limited (the "**InnoMed Owner**") for acquisition of 51% equity interests in InnoMed Scientific International Limited ("**InnoMed**") and its subsidiaries (the "**InnoMed Group**") for a total consideration of US$6 million. As part of the deal, the Group has also agreed to grant a call option, representing 16% equity interests in InnoMed, to the InnoMed Owner at the option consideration of US$1.8 million. After completion of the above acquisition, members of the InnoMed Group have become non-wholly subsidiaries of the Company. As of now, the InnoMed Group has not yet commenced commercial operations and it will be engaged in manufacture and sale of cardiovascular medical services and other medical devices. Application is being made to obtain approval from the PRC State Food and Drug Administration ("**SFDA**") on InnoMed's medical device products. The medical business is expected to commence commercial operations in the latter part of 2012. In view of the huge demand of medical devices in China, we are optimistic in the future prospects of this newly acquired business.

OUTLOOK

The global economy and financial markets continue to face unabated uncertainties. The downgrade of the credit ratings of the US and various eurozone countries by credit rating agencies in 2011 and in early 2012 indicates continued downside risks in the world economic outlook. The debt crisis in the euro countries will not be resolved in the near term and new wave of turbulences may arise in the future. China has lowered its economic growth target this year to 7.5%, below the symbolic 8% level as it prepares to face myriad challenges in the external environment. Despite a lower growth rate, it is expected that the PRC government will adhere to a proactive fiscal policy and prudent monetary policy, aiming to deliver steady and robust economic development.

Notwithstanding that the outlook of the manufacturing industry will remain uncertain and challenging in 2012, we plan for improvement to our operation and performance in the current year. On the sales front, the CCT Tech Group will strive to gain orders from existing ODM customers and enhance its product offerings and product mix by development of a full range of broadband and advance products at competitive prices. The CCT Tech Group will step up expansion of its CMS business by gaining new CMS customers and enhancing and diversifying its CMS product range. We are optimistic about the potentials and prospects of the CMS business and expect that this business may become a key driver of growth for the CCT Tech Group in the future.

On the cost side, we expect payroll and production costs will continue to rise in China. The CCT Tech Group will endeavour to take appropriate actions to shift some of the cost increases to our customers with a view to improving its gross margin. The CCT Tech Group will continue to take initiatives to drive its productivity and competitiveness and to exercise tight cost control over its operations.

We still have confidence in the prospects of the baby and child product business, despite the deterioration of its performance in 2011. It is because this business segment has built up a solid customer base, most of which are major international customers with well-known child product brand names. Furthermore, a large number of well-designed new products including different kinds of milk bottle sterilizers, bottle warmers, new feeding & safety items and new model of baby monitors, have been developed and will be launched in 2012 and future years. We expect when these new products are launched, they will receive praise from the market and they will deliver growth in sales because of the advance technology used and high quality of the products. Following the completion of the intra-group transfer of the baby and child business from the Company to the CCT Tech Group, we expect that the management and cost structure of this business will be streamlined and improved, which will further drive its productivity and efficiency and will improve its profitability.

The on-going sovereign debt crisis introduces uncertainty to the global financial markets. We expect the stock market in Hong Kong will remain volatile in 2012. In view of the uncertainty outlook in the Hong Kong stock market, the Group has captured the recent market rebound in the first two months of 2012 and has divested most of our stock portfolio. Some of the unrealised fair value losses recognised in 2011 will be reversed in 2012 upon sale of the related share portfolio. We will closely monitor the financial market and will prudently invest our surplus funds to enhance yields and returns.

The mainland residential market continued to see consolidation over the past few months with prices softening and transactions slowing as a result of tightening measures imposed by the central and local governments. There is no sign that the central government will relax the austerity measures on housing market in the near future. Nevertheless, the recent adjustment in the market should improve affordability and contribute to healthy development in the housing market over the longer term. Furthermore, all of our property projects are situated in Anshan, a second-tier city, which is less affected by the austerity measures and in which the property prices are relatively stable. We plan for a top line growth in our property development business in Anshan for 2012. We will step up promotional programs and presale of the already completed housing units of the second phase of “Landmark City” and the first phase of “Evian Villa”. The aggregate costs already incurred on these complete projects amount to $437 million and we expect these projects will bring in significant revenue and profit to the Group in 2012 and 2013, upon planned sale of the property units in these two years. We also plan for construction of the third phase of “Landmark City” in 2012, which will have a total GFA of approximately 108,852 sq. m. comprising 85,300 sq. m. of housing units accommodating 980 households, 14,800 sq. m. of commercial areas and 8,752 sq. m. of 260 car parks. We expect the third phase of “Landmark City” will contribute revenue and profit to the Group in the year 2013 and onwards. Apart from the projects that are already developed or under development, we have a land bank reserve with an estimated total GFA of approximately 276,000 sq. m. available for development in the future years. We will monitor progress of our property projects closely and we will consider enhancing our land bank as opportunity arises. However, we have adopted a prudent strategy in our expansion plan as the control of housing prices remains one of the top targets of the central government this year. We are confident that the property development business will continue to grow in the coming years and will become a key driver for growth in the future.

Given the relatively low mortgage interest rate and the supply of prime luxury residential houses in Hong Kong Island is very scarce but the demand is strong, we are optimistic about the luxury residential market in Hong Kong. In view of the fact that substantial revaluation gain has been recognised on the luxury houses, the Board intends to sell one of these properties to realise its gain as when suitable opportunities arise. The Board intends to keep the other two houses and the commercial properties at Fortis Tower for long term purposes.

Conclusion

We expect that the Group will start to see benefits from measures implemented to restructure and revitalise its manufacturing operations in 2012. We look forward to seeing improvement of results of our manufacturing businesses. We also expect that the growth momentum of the Group's property development business will continue in 2012 and this business segment will continue to outperform other business segments in 2012. With our healthy financial position and sound business fundamentals, we believe we will be able to withstand the adverse impact arising from the Material Adverse Events and to regain a solid financial foothold.

APPRECIATION

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

Mak Shiu Tong, Clement
Chairman

Hong Kong, 29 March 2012

FINANCIAL REVIEW

HIGHLIGHTS ON FINANCIAL RESULTS AND OTHER COMPREHENSIVE INCOME

$ million	**2011**	2010	% increase/ (decrease)
Financial results			
Turnover	**2,034**	1,919	6.0%
Gross profit	**140**	180	(22.2%)
Gross margin	**6.9%**	9.4%	(26.6%)
(Loss)/profit attributable to:			
Owners of the parent	**(195)**	40	N/A
Non-controlling interests	**(82)**	(3)	2,633.3%
(Loss)/profit for the year	**(277)**	37	N/A
(Loss)/earnings per share	**($0.322)**	$0.066	N/A
Dividends per share	**$0.065**	$0.065	-
Other comprehensive income, net of tax	**38**	11	245.5%

Discussion on Financial Results and Other Comprehensive Income

The Group reported a turnover of $2,034 million for the year, representing an increase of 6.0% compared to the last corresponding year. The revenue growth was largely due to the growth of the property development business, partly set off by the decline in revenue from the manufacturing businesses of the Group.

Suffered from surging operating costs, the gross profit and gross margin ratio dropped from $180 million and 9.4% respectively in 2010 to $140 million and 6.9% respectively in 2011. The combined impact of the rising costs and the Exceptional Losses turned the Group's result from a profit of approximately $37 million in 2010 to a substantial loss of approximately $277 million in 2011. Excluding the share of non-controlling interest in the loss of the CCT Tech Group, the net loss attributable to owners of the parent was $195 million for 2011, as opposed to a net profit of $40 million for 2010.

Other comprehensive income after tax was $38 million, representing mainly exchange gains on translation of operations in China, caused by appreciation of RMB.

ANALYSIS BY BUSINESS SEGMENT

	Turnover				
	2011		2010		% increase/
$ million	**Amount**	**Relative %**	Amount	Relative %	(decrease)
Telecom product business	**1,553**	**76.4%**	1,573	81.9%	(1.3%)
Component business	**257**	**12.6%**	293	15.2%	(12.3%)
Baby and child product business	**206**	**10.1%**	214	11.2%	(3.7%)
Securities business	**(9)**	**(0.4%)**	9	0.5%	N/A
Property development	**259**	**12.7%**	85	4.4%	204.7%
Property investment and holding	**5**	**0.2%**	5	0.3%	-
Intersegment transactions	**(237)**	**(11.6%)**	(260)	(13.5%)	(8.8%)
Total	**2,034**	**100.0%**	1,919	100.0%	6.0%

	(Loss)/profit before tax		
			% increase/
$ million	**2011**	2010	(decrease)
Telecom product business	**(161)**	1	N/A
Component business	**(11)**	1	N/A
Baby and child product business	**(18)**	11	N/A
Securities business	**(42)**	(1)	4,100.0%
Property development	**48**	9	433.3%
Property investment and holding	**(1)**	102	N/A
Unallocated items	**(71)**	(59)	20.3%
Total	**(256)**	64	N/A

The telecom product business continued to be the largest business segment of the Group, in terms of turnover and number of employees. The turnover of this business segment was $1,553 million contributing approximately 76.4% of the Group's total turnover in 2011, slightly decreased by 1.3% as compared to 2010. This business segment recorded an operating loss of approximately $161 million for the year as compared to an operating profit of $1 million in the last corresponding year. The significant deterioration of the result of the business sector was caused by the significant increase in production costs and the non-recurrent Exceptional Losses.

Revenues derived from the component business declined 12.3% to $257 million for year ended 31 December 2011, due primarily to the decrease in sales of the telecom product business to which the component business supplies most of its component products. The component business sector incurred an operating loss of approximately $11 million in 2011, as opposed to an operating profit of approximately $1 million in 2010, which was mainly due to rise in production costs.

Turnover of the baby and child product business segment dropped by 3.7% to $206 million in 2011, due to decline of business of one of its major US customers, suffered from the sluggish US economy. This business segment was further adversely affected by the one-off non-recurrent restructuring costs of $16 million incurred to counter rise in costs and as a result, posted an operating loss before tax of approximately $18 million in 2011 as opposed to an operating profit of approximately $11 million in 2010.

Caused by a downturn in stock market in 2011, the Group's securities business recorded an operating loss of $42 million for the year, which represented a realised loss of approximately $9 million and an unrealised mark-to-market loss of $32 million on its securities portfolio, as compared to a net loss of approximately $1 million from the last corresponding year.

The property development business achieved remarkable growth in turnover to reach $259 million in 2011, up 204.7% as compared with the turnover of $85 million in 2010, contributed by surge in sales of the housing units of the property projects in Anshan. As a result of increased turnover, this segment contributed a net operating profit of approximately $48 million in 2011, rose 433.3% from the $9 million operating profit in 2010.

The property investment and holding business registered a net loss of approximately $1 million for 2011, as opposed to an operating profit of approximately $102 million for 2010, as a result of the reduction in unrealised revaluation gain on its luxury properties, due to slower rise in property prices in Hong Kong in 2011, as compared with 2010.

Unallocated items, representing the head office administrative expenses and other expenses not allocable to the business segments of the Group, increased by 20.3% to $71 million in 2011, due largely to the unrealised fair value loss of approximately $37 million on the Group's interest in the shares of Merdeka Resources Holdings Limited due to decline in market price of its shares at year end.

ANALYSIS BY GEOGRAPHICAL SEGMENT

	Turnover				
	2011		2010		% increase/
$ million	**Amount**	**Relative %**	Amount	Relative %	(decrease)
Europe	**896**	**44.1%**	1,200	62.6%	(25.3%)
Asian Pacific and others	**855**	**42.0%**	521	27.1%	64.1%
North America	**283**	**13.9%**	198	10.3%	42.9%
Total	**2,034**	**100.0%**	1,919	100.0%	6.0%

European market remained the largest market of the Group during the year and contributed approximately 44.1% of the Group's total turnover. Sales to Europe dropped by 25.3% to $896 million in the year amidst debt crisis in the eurozone countries. The Group's business in the Asian Pacific and other regions, however, rose significantly by 64.1% to $855 million, contributing 42.0% to the Group's total turnover. The strong business growth in these regions was partly generated from increased sales of telecom products in these market areas and partly due to growth of the property development business in Anshan, China. North American market registered a rise of turnover of 42.9% to $283 million, accounting for 13.9% to the Group's total turnover, mainly attributable to sale of the GE telephony products in the US during the year.

HIGHLIGHTS ON SIGNIFICANT MOVEMENTS ON FINANCIAL POSITION

$ million	**31 December 2011**	31 December 2010	% increase/ (decrease)
NON-CURRENT ASSETS			
Property, plant and equipment	**882**	696	26.7%
Investment properties	**254**	325	(21.8%)
Prepaid land lease payments	**100**	239	(58.2%)
Goodwill	**87**	55	58.2%
Other receivable	**14**	-	N/A
CURRENT ASSETS			
Inventories	**156**	129	20.9%
Trade receivables	**375**	433	(13.4%)
Properties under development	**192**	305	(37.0%)
Completed properties held for sale	**437**	99	341.4%
Pledged time deposits	**300**	83	261.4%
Cash and cash equivalents	**573**	610	(6.1%)
CURRENT LIABILITIES			
Current interest-bearing bank and other Borrowings	**549**	411	33.6%
Derivative financial instruments	**14**	-	N/A
Other payable	**16**	-	N/A
EQUITY AND NON-CURRENT LIABILITIES			
Non-current interest-bearing bank and other borrowings	**412**	250	64.8%
Non-controlling interests	**284**	352	(19.3%)
Equity attributable to owners of the parent	**1,889**	2,085	(9.4%)

Discussion on Financial Position

As at 31 December 2011, the balance of the property, plant and equipment increased by 26.7% to approximately $882 million. The change was mainly attributable to the combined results of (i) the reclassification of a residential house in Hong Kong, which has been used as director's quarters during the year, from the investment property account to property, plant and equipment account; (ii) the cost of acquisition of one floor of the commercial property situated at Fortis Tower, which has been used as the corporate head office of the Company; and (iii)the depreciation charge during the year.

With effect from 1 July 2011, one of the residential houses included in the investment properties has been used by the Company to provide quarters to the Chairman and Chief Executive Officer of the Company, and at the same time his remuneration receivable from the Company has been reduced. As a result of the change of use of this residential property, its carrying value has been reclassified from the investment property account to the property, plant and equipment account. The decrease in the balance of the investment properties account from $325 million as at 31 December 2010 to $254 million as at 31 December 2011 was the net result of the abovementioned reclassification of accounts and the cost of acquisition of one floor of the office building situated at the Fortis Tower, which is held by the Group for long term investment purpose.

The prepaid land lease payments decreased from $239 million to $100 million as at 31 December 2011 was mainly due to the disposal of the development right on a vacant industrial land during the year.

Goodwill increased by $32 million to $87 million as at 31 December 2011 was attributable to the acquisition of the medical device product business.

Other receivable presented as non-current assets as at 31 December 2011 of approximately $14 million (equivalent to US$1.8 million) represented the option premium receivable from the InnoMed Owner for the call option of 16% interest in InnoMed granted to the InnoMed Owner.

Inventory increased by 20.9% in the year under review. Despite the increase in inventory balance, the inventory turnover period maintained at a healthy level of only 30.5 days (31 December 2010: 24.7 days).

Trade receivables of the Group amounted to $375 million as at 31 December 2011, a decrease of 13.4% from $433 million as at 31 December 2010, indicating continuing improved management in trade debt collection.

As at 31 December 2011, the balance of the properties under development decreased by 37.0% to approximately $192 million. The decrease is mainly attributable to reclassification of the costs (mainly land costs) of the first phase of "Evian Villa" and the second phase of "Landmark City" from properties under development to completed properties held for sale as these projects were completed during the year.

Completed properties held for sale increased 341.4% to $437 million as at 31 December 2011, representing the significant increase in the completed property projects in Anshan, which have not yet sold or delivered for occupation at the year end.

Pledged time deposits rose from $83 million from end of 2010 to $300 million at the end of 2011. The increase in pledged deposits was to secure additional banking facilities granted to the Group. Of the pledged deposits, a total amount of $209 million (equivalent to RMB169 million) deposits are denominated in RMB which have been pledged to a banker to secure equivalent amount of Hong Kong dollar loans. Such arrangements are aimed at hedging RMB appreciation risk as the Group is entitled to benefit from exchange appreciation of the pledged RMB deposits whilst the Group can continue to use the funds borrowed in Hong Kong dollars for business purpose.

Cash and cash equivalents dropped by 6.1% to approximately $573 million as at 31 December 2011. The net decrease in cash and bank balance represents cash used for operations and payment of the dividend, net of cash received from disposal of investments during the year.

The aggregate amount of the current and non-current interest-bearing bank and other borrowings increased from approximately $661 million as at 31 December 2010 to approximately $961 million as at 31 December 2011, up 45.4%. The net increase of the bank borrowings represents mainly additional mortgage loans of $81 million borrowed for acquisition of the office properties at Fortis Tower and the Hong Kong dollar loans of approximately $205 million secured by equivalent amount of pledged RMB deposits for hedging against RMB exposure.

Derivative financial instruments of approximately $14 million (equivalent to US$1.8 million) represented the fair value of the call option of 16% interest in InnoMed granted to the InnoMed Owner as at 31 December 2011.

Other payable presented as non-current liability of approximately $16 million (equivalent to US$2 million) represented the balance of the consideration payable for the acquisition of the Medical 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.

Equity attributable to owners of the parent declined 9.4% from $2,085 million as at 31 December 2010 to $1,889 million as at 31 December 2011. The change was the combined results of the loss and the other comprehensive income attributable to the owners of the parent for the year and the dividend paid during the year.

CAPITAL STRUCTURE AND GEARING RATIO

	31 December 2011		31 December 2010	
$ million	**Amount**	**Relative %**	Amount	Relative %
Bank borrowings	**958**	**33.6%**	659	24.0%
Finance lease payable	**3**	**0.1%**	2	0.1%
Total borrowings	**961**	**33.7%**	661	24.1%
Equity	**1,889**	**66.3%**	2,085	75.9%
Total capital employed	**2,850**	**100.0%**	2,746	100.0%

The Group's gearing ratio was approximately 33.7% as at 31 December 2011 (2010: 24.1%) as a result of net increase in the bank borrowings during the year under review. Taking into account the pledged deposits, unpledged time deposits and the free cash on hand, the Group's net borrowings were only $80 million, representing only 2.8% of the total capital employed.

Outstanding bank borrowings amounted to $958 million at 31 December 2011 (2010: $659 million). Approximately 57.2% of these bank borrowings was arranged on a short-term basis mainly for the manufacturing business activities of the Group and for hedging RMB appreciation risk and was repayable within one year. The remaining 42.8% 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 2011 amounted to approximately $3 million (2010: $2 million).

As at 31 December 2011, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and beyond five years amounted to $549 million, $251 million and $161 million, respectively (2010: $411 million, $166 million and $84 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

$ million	31 December 2011	31 December 2010
Current assets	**2,622**	2,467
Current liabilities	**1,397**	1,182
Current ratio	**187.7%**	208.7%

The Group's current ratio as at 31 December 2011 was 187.7% (2010: 208.7%). The decline in current ratio is caused by additional Hong Kong dollar borrowings to hedge against RMB exposure. The liquid position nevertheless, is attributable to the effective financial management of the Group.

As at 31 December 2011, the Group's cash balance amounted to $881 million (2010: $693 million), of which $300 million (2010: $83 million) was pledged for general banking facilities and for arrangement of hedging against RMB appreciation. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. In view of the Group's current cash position and the banking facilities available, the Group maintains a sound financial position and has sufficient resources to finance its operations and its future expansion plan.

CAPITAL COMMITMENTS

As at 31 December 2011, capital commitment of the Group amounted to approximately $9 million (2010: $24 million) mainly for construction cost of a property development project in Anshan. 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 2011, 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, RMB and US dollar and some made in Euro. Cash was generally placed in short-term deposits denominated in Hong Kong dollar, RMB and US dollar. As at 31 December 2011, the Group's borrowings were mainly denominated in Hong Kong dollar, RMB and US dollar and interest on 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 RMB 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.

As for RMB exposure, as wages and overhead in our factories in the PRC are paid in RMB, our production costs will rise due to the further appreciation of RMB. During the year, we converted some of our surplus funds from Hong Kong dollars to RMB. We have accumulated approximately RMB209 million in cash up to the end of the year and the RMB funds have been placed on short-term deposit to secure equivalent amount of Hong Kong dollar loans. As we will be entitled to the exchange gain that may be generated from future appreciation of the RMB deposits, we consider such initiative is an effective way to hedge some of our exposure against RMB appreciation.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

Save for the acquisition of medical device product business, 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 2011 (2010: Nil).

PLEDGE OF ASSETS

As at 31 December 2011, certain of the Group's assets with a net book value of $1,098 million (2010: $886 million) and time deposits of approximately $300 million (2010: $83 million) were pledged to secure the general banking facilities granted to the Group and for hedging RMB exposure.

CONTINGENT LIABILITIES

As at 31 December 2011, 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 2011 was 6,458 (2010: 8,059). 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 2011, 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 2011 and will be disclosed in the corporate governance report contained in the 2011 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2012.

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. Tam King Ching, Kenny, Mr. Lau Ho Man, Edward and Mr. Chen Li, two of whom are qualified accountants and have extensive experience in accounting and financial matters. The Audit Committee is currently chaired by Mr. Tam King Ching, Kenny who is an INED.

The Audit Committee has reviewed the adopted accounting principles and practices and discussed the auditing, internal control and financial reporting matters of the Company. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2011. Regular meetings have been held by the Audit Committee since its establishment and the Audit Committee held three meetings in 2011.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2011 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2012.

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 2011. The Remuneration Committee is currently chaired by Mr. Lau Ho Man, Edward who is an INED.

Further information of the Remuneration Committee will be disclosed in the corporate governance report contained in the 2011 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2012.

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, all INEDs of the Company are still considered to be independent.

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 2011. 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 2011 is published on the websites of the Company at www.cct.com.hk/eng/investor/announcements.php 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 (the "**AGM**") 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 2012.

ANNUAL GENERAL MEETING

The 2012 AGM will be held at 31/F., Fortis Tower, 77-79 Gloucester Road, Hong Kong on Thursday, 24 May 2012 at 10:45 a.m. and the notice of the AGM 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 for the following periods:

1. For determining shareholders' eligibility to attend and vote at the AGM:

Latest time to lodge transfer documents for registration:	4:00 p.m., Monday, 21 May 2012
Closure of register of members:	Tuesday, 22 May 2012 to Thursday, 24 May 2012 (both days inclusive)
Record date:	Thursday, 24 May 2012

2. For determining shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration:	4:00 p.m., Tuesday, 29 May 2012
Closure of register of members:	Wednesday, 30 May 2012 to Friday, 1 June 2012 (both days inclusive)
Record date:	Friday, 1 June 2012

During the above closure periods, no transfer of share(s) will be effected. In order to be eligible to attend and vote at the AGM and to qualify for the proposed final dividend, 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 the aforementioned latest time.

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 2012

ANNUAL RESULTS

The Board presents the consolidated annual results of the Group for the year ended 31 December 2011, together with the comparative amounts for the previous year as follows:

Consolidated Income Statement

For the year ended 31 December 2011

HK$ million	*Notes*	**2011**	2010
REVENUE	*4,5*	**2,034**	1,919
Cost of sales		**(1,894)**	(1,739)
Gross profit		**140**	180
Other income and gains	*5*	**88**	220
Selling and distribution costs		**(73)**	(60)
Administrative expenses		**(239)**	(228)
Other expenses		**(156)**	(17)
Finance costs	*6*	**(16)**	(13)
Share of loss of an associate		**-**	(18)
(LOSS)/PROFIT BEFORE TAX	*7*	**(256)**	64
Income tax expense	*8*	**(21)**	(27)
(LOSS)/PROFIT FOR THE YEAR		**(277)**	37
Attributable to:			
Owners of the parent		**(195)**	40
Non-controlling interests		**(82)**	(3)
		(277)	37
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**(HK$0.32)**	HK$0.07
Diluted		**(HK$0.32)**	HK$0.07

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 2011

HK$ million	**2011**	2010
(LOSS)/PROFIT FOR THE YEAR	**(277)**	37
Other comprehensive income/(loss), net of tax:		
Available-for-sale investments:		
Change in fair value	**1**	(9)
Reclassification adjustments for losses included in the consolidated income statement		
- impairment losses	**9**	-
	10	(9)
Exchange differences on translation of foreign operations	**28**	20
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(239)**	48
Attributable to:		
Owners of the parent	**(157)**	51
Non-controlling interests	**(82)**	(3)
	(239)	48

Consolidated Statement of Financial Position

31 December 2011

HK$ million	*Notes*	2011	2010
ASSETS			
Non-current assets			
Property, plant and equipment		**882**	696
Prepayments for acquisition of property, plant and equipment		**7**	11
Investment properties		**254**	325
Prepaid land lease payments		**100**	239
Goodwill		**87**	55
Available-for-sale investments		**79**	106
Other receivable		**14**	-
Deferred tax assets		**1**	1
Total non-current assets		**1,424**	1,433
Current assets			
Inventories		**156**	129
Properties under development		**192**	305
Completed properties held for sale		**437**	99
Investment property classified as held for sale		**147**	137
Non-current assets held for sale		**20**	159
Trade receivables	*12*	**375**	433
Prepayment, deposits and other receivables		**279**	278
Financial assets at fair value through profit or loss		**135**	234
Time deposits with original maturity of more than three months		**8**	-
Pledged time deposits		**300**	83
Cash and cash equivalents		**573**	610
Total current assets		**2,622**	2,467
Total assets		**4,046**	3,900
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital		**61**	61
Reserves		**1,807**	2,003
Proposed final dividend		**21**	21
		1,889	2,085
Non-controlling interests		**284**	352
Total equity		**2,173**	2,437

HK$ million	*Notes*	**2011**	2010
Non-current liabilities			
Derivative financial instruments		**14**	-
Interest-bearing bank and other borrowings		**412**	250
Other payable		**16**	-
Deferred tax liabilities		**34**	31
Total non-current liabilities		**476**	281
Current liabilities			
Trade and bills payables	*13*	**562**	502
Tax payable		**39**	32
Other payables and accruals		**244**	198
Receipts in advance		**3**	39
Interest-bearing bank and other borrowings		**549**	411
Total current liabilities		**1,397**	1,182
Total liabilities		**1,873**	1,463
Total equity and liabilities		**4,046**	3,900
Net current assets		**1,225**	1,285
Total assets less current liabilities		**2,649**	2,718

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

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) Improvements to *HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments*: *Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments*: *Presentation – Offsetting Financial Assets and Financial Liabilities*[5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, certain of which may be relevant to the Group's operation and may result in changes in the Group's accounting policies, and changes in presentation and measurement of certain items of the Group's financial information.

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 baby and child products segment which is the manufacture and sale of baby 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 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 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 2011 and 2010 is presented as below:

HK$ million	Telecom and electronic products 2011	Telecom and electronic products 2010	Components 2011	Components 2010	Baby and child products 2011	Baby and child products 2010	Securities business 2011	Securities business 2010	Property development 2011	Property development 2010	Property investment and holding 2011	Property investment and holding 2010	Reconciliations 2011	Reconciliations 2010	Group total 2011	Group total 2010
Segment revenue:																
Sales to external customers	1,534	1,572	44	38	206	214	(9)	9	259	85	-	1	-	-	2,034	1,919
Other revenue	6	18	2	3	4	1	-	-	-	1	-	-	9	1	21	24
Intersegment revenue	19	1	213	255	-	-	-	-	-	-	5	4	(237)	(260)	-	-
	1,559	1,591	259	296	210	215	(9)	9	259	86	5	5	(228)	(259)	2,055	1,943
Operating (loss)/profit	(145)	7	(28)	1	(16)	11	(41)	(1)	48	9	2	102	-	-	(180)	129
Interest income	3	2	-	-	-	-	-	-	-	-	-	-	-	-	3	2
Finance costs	(11)	(8)	-	-	(1)	-	(1)	-	-	-	(3)	-	-	(5)	(16)	(13)
Reconciled items:																
Corporate and other unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(34)	(36)	(34)	(36)
Share of loss of an associate	-	-	-	-	-	-	-	-	-	-	-	-	-	(18)	-	(18)
Gain on disposal of subsidiaries	6	-	-	-	7	-	-	-	-	-	-	-	-	-	13	-
Gain on disposal of prepaid land lease payments	-	-	23	-	-	-	-	-	-	-	-	-	-	-	23	-
Loss on disposal of items of property, plant and equipment	(6)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6)	-
Impairment loss on available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-	-	(37)	-	(37)	-
Write-off of items of property, plant and equipment	(8)	-	(6)	-	(8)	-	-	-	-	-	-	-	-	-	(22)	-
(Loss)/profit before tax	(161)	1	(11)	1	(18)	11	(42)	(1)	48	9	(1)	102	(71)	(59)	(256)	64
Other segment information:																
Expenditure for non-current assets	20	72	1	3	9	28	-	-	2	1	177	3	2	1	211	108
Depreciation and amortisation	(49)	(54)	(19)	(23)	(5)	(2)	-	-	-	-	(9)	(7)	(1)	(1)	(83)	(87)
Other material non-cash items:																
Net reversal of impairment/ (impairment) of trade receivables	7	(7)	(4)	-	-	-	-	-	-	-	-	-	-	-	3	(7)
Provision for slow-moving and obsolete inventories	(15)	-	-	-	-	-	-	-	-	-	-	-	-	-	(15)	-
Fair value gain on investment properties and investment property classified as held for sale	-	-	-	-	-	-	-	-	-	-	20	114	-	-	20	114
Fair value loss on financial assets at fair value through profit or loss	-	-	-	-	-	-	(32)	(10)	-	-	-	-	-	-	(32)	(10)
Write-off of items of property, plant and equipment	(8)	-	(6)	-	(8)	-	-	-	-	-	-	-	-	-	(22)	-
Reversal of impairment of items of property, plant and equipment	-	26	-	28	-	-	-	-	-	-	-	-	-	17	-	71

HK$ million	Telecom and electronic products 2011	2010	Components 2011	2010	Baby and child products 2011	2010	Securities business 2011	2010	Property development 2011	2010	Property investment and holding 2011	2010	Reconciliations 2011	2010	Group total 2011	2010
Segment assets	**1,495**	1,527	**198**	315	**199**	126	**135**	236	**881**	664	**835**	645	**(45)**	(72)	**3,698**	3,441
Reconciled items:																
Non-current assets held for sale	-	70	-	69	-	-	-	-	-	-	-	-	**20**	20	**20**	159
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	**328**	300	**328**	300
Total assets	**1,495**	1,597	**198**	384	**199**	126	**135**	236	**881**	664	**835**	645	**303**	248	**4,046**	3,900
Segment liabilities	**1,035**	973	**60**	82	**135**	44	**56**	91	**199**	89	**313**	176	**(45)**	(72)	**1,753**	1,383
Reconciled items:																
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	**120**	80	**120**	80
Total liabilities	**1,035**	973	**60**	82	**135**	44	**56**	91	**199**	89	**313**	176	**75**	8	**1,873**	1,463

Geographical information

Additional disclosures on segment information by geographical location for the year ended 31 December 2011 and 2010 are shown below:

(a) *Revenue from external customers*

HK$ million	**2011**	2010
Europe	**896**	1,200
Asian Pacific and others	**855**	521
North America	**283**	198
	2,034	1,919

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	**2011**	2010
Hong Kong	**693**	527
Mainland China	**731**	905
Other countries	**-**	1
	1,424	1,433

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

Information about major customers

For the year ended 31 December 2011, revenue from each of two major customers of the telecom and electronic products segment was HK$398 million and HK$393 million, respectively, representing 20% and 19% of the Group's total revenue, respectively.

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.

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, 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	**2011**	2010
Revenue		
Manufacture and sale of telecom and electronic products	**1,575**	1,608
Manufacture and sale of baby and child products	**206**	214
Realised (loss)/gain from sale of securities investment, net	**(9)**	9
Sale of properties	**259**	85
Rental income from investment properties	**-**	1
Bank interest income	**3**	2
	2,034	1,919
Other income and gains		
Investment and other income	**88**	220

6. FINANCE COSTS

An analysis of finance costs is as follows:

HK$ million	**2011**	2010
Interest on bank loans wholly repayable within five years	**7**	6
Interest on bank loans wholly repayable beyond five years	**9**	7
Total interest expense on financial liabilities not at fair value through profit or loss	**16**	13

7. (LOSS)/PROFIT BEFORE TAX

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

HK$ million	2011	2010
Cost of inventories sold	**1,703**	1,679
Cost of properties sold	**185**	60
Depreciation	**77**	82
Amortisation of prepaid land lease payments	**6**	5
Fair value loss on financial assets at fair value through profit or loss	**32**	10
Fair value gain on investment properties and investment property classified as held for sale	**(20)**	(114)
Gain on disposal of subsidiaries	**(13)**	-
Gain on disposal of investment in an associate	**-**	(10)
Impairment loss on available-for-sales investments	**37**	-
Loss on disposal of items of property, plant and equipment	**6**	-
Write-off of items of property, plant and equipment	**22**	-
Gain on disposal of prepaid land lease payments	**(23)**	-
Provision for slow-moving and obsolete inventories	**15**	-
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% (2010: 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	2011	2010
Current – Hong Kong		
Charge for the year	**-**	2
Current – Elsewhere		
Charge of the PRC income tax for the year	**13**	5
PRC land appreciation tax	**5**	1
Deferred	**3**	19
Total tax charge for the year	**21**	27

9. DIVIDENDS

HK$ million	**2011**	2010
Paid interim – HK$0.030 (2010: HK$0.030) per ordinary share	**18**	18
Proposed final – HK$0.035 (2010: HK$0.035) per ordinary share	**21**	21
Total	**39**	39

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

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

The calculation of the basic and diluted (loss)/earnings per share amount for the year is based on the loss for the year attributable to ordinary equity holders of the parent of HK$195 million (2010: profit of HK$40 million), and the weighted average number of 606,144,907 (2010: 606,144,907) ordinary shares in issue during the year.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2011 and 2010 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 (loss)/earnings per share amounts presented.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2011, the Group acquired fixed assets of approximately HK$118 million (2010: HK$69 million). During the year, the Group disposed of fixed assets of HK$10 million (2010: Nil).

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:

	2011		2010	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**142**	**38**	164	38
31 to 60 days	**108**	**28**	130	30
61 to 90 days	**100**	**26**	119	27
Over 90 days	**25**	**8**	20	5
	375	**100**	433	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:

	2011		2010	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**233**	**41**	151	31
31 to 60 days	**101**	**18**	122	24
61 to 90 days	**73**	**13**	72	14
Over 90 days	**155**	**28**	157	31
	562	**100**	502	100

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