CCT TECH INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 00261)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

CHAIRMAN'S LETTER

On behalf of the board of directors (the "**Board**") of CCT Tech International Limited (the "**Company**"), I present the results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2012.

CCT Tech made significant progress in 2012 despite the Company faced continuing and in some ways unprecedented challenges. During the year, the Group discontinued the loss-making GE license business and continued its structural reform to reshape its manufacturing business. These efforts have shown results as the Group managed to achieve a positive EBITDA (earnings before interest, tax, depreciation and amortization) of approximately $38 million for the year, as opposed to a negative EBITDA of approximately $104 million for the last corresponding year. Loss attributable to owners of the parent also narrowed substantially from $165 million in 2011 to $58 million in 2012.

The Board does not propose and recommend payment of a final dividend in the year as the Group is still in a loss position and cash resources should be conserved for operations.

REVIEW OF OPERATIONS

In 2012, we continued to see weakness in our major markets, especially Europe the economy of which is seriously affected by the euro sovereign debt crisis. During the year, the Group's turnover dropped by 13.6% to $1,342 million, led by lower revenue from ODM (original design manufacturing) and the discontinuation of the GE license business. Sales of the traditional fixed-line phones declined most as the market for the traditional cordless phones is mature. The decrease in revenue was partially offset by strong growth of CMS (contract manufacturing services) and contribution from the child product business which the Company acquired from its holding company, CCT Telecom Holdings Limited ("**CCT Telecom**") in March 2012.

The lower demand of traditional residential phones was partially offset by growing market interest in premium and advanced products. The Designer Phone manufactured by CCT Tech was one of most eye-catching products in Europe in 2012. CCT Tech also launched other smart design phones, Android based smart cordless phone and Android based tablet with communication and other functions, which received good market accolade.

CMS performed well in 2012, as its sales rose to $220 million, up 67.9% compared to $131 million in the previous year. The key CMS products including FRS (family radio system), the e-Books and tablets continued to deliver strong growth in sales and new products including Bluetooth handset, the Bluetooth headset products and the mobile phone inductive charger received good market response. The CMS business grew by gaining new customers and diversifying its product range. Our effective productivity and excellent product quality have earned us strong reputation in the industry and enabled us to build a long-term relationship with our major CMS customers.

The child product business has been successfully integrated into the Group's manufacturing operations and contributed revenue of $159 million in 2012. This business was, however, affected by the weak economic conditions in its major markets, including the United States of America ("**US**") and Europe. Despite this negative factor, new customers were added, mostly in Europe and new models including baby monitor, standalone bottle warmer to complete kit set including bottle warmer, bottles, cleaning tools and water sterilizer, were introduced in 2012. It is also encouraging to see considerable improvement in the efficiency and productivity of the child product business as this business has benefited from the Group's strong production capability and economy of scale after integration.

In terms of market regions, sales to Europe, our largest market, dropped most to only $710 million, a decrease of 19.3%, led by deferred orders by customers amidst a stagnant European economy. Business in the Asian Pacific and other regions also suffered as sales declined by 23.4% to $400 million. Sales to the North American market, however, soared by 53.6%, reaching $232 million for the reporting year. Such increase was driven primarily by contribution from the child product business.

To combat the maturing residential phone market, we continued to commit to research and development ("**R&D**") activities, enhancing our product innovation and offerings, focusing on technologically advanced and innovative products. Significant inroads have been made in these areas. Notably, the introduction of the screen communication tablet and the Android based multimedia phone has received market accolade. We have also reorganised our R&D team and a new Advanced Product Team has been established in 2012. The Advanced Product Team will focus on development of home-use multimedia android devices and mobile phone accessories. We believe these new products have huge business potential.

Rising input costs, especially, factory payroll and material costs remained major challenges in 2012. To combat cost challenges, we continued to reform and restructuring our operations. We discontinued the loss-stricken US license business and continued to run off loss products. We reorganized our senior management team and streamlined various production processes to optimize efficiency. We also continued to manage costs and achieved sustainable cost savings. These efforts paid off as the Group managed to deliver a positive EBITDA of $38 million in the year, a strong turnaround compared with the negative EBITDA of $104 million in previous year.

OUTLOOK

The coming year looks like no easier. The global economy continues to face uncertainties. The US economy should continue its slow recovery, while euro sovereign debt crisis remains the biggest risk to world economy. China's economic performance will be inevitably affected by external factors, but it is expected that China's economic growth should continue to lead the developing economies while the PRC government is aiming to deliver a more steady and sustainable economic development.

We aim at a steady and sustainable annual growth in revenue in the coming years as an aggressive growth target will involve significant risk and huge investment. We will continue to capitalize our competitive edges in our businesses, balancing returns and risks, targeting for enhancing long term value rather than short term speculative gain.

We will continue our track record of strong product innovation and offerings. We will leverage our core strength–our strong R&D capability and talented team-in developing and introducing break-through products that can address consumer needs with high performance and at competitive prices. We will focus on expansion in the niche market of value-added premium products and the emerging market of residential multimedia android device and mobile phone accessories.

We plan for a stable growth of the CMS business in coming years as its base has become larger after several years of rapid growth in the past years. We will enhance our market recognition as a reliable CMS manufacturer with superior performance and excellent product quality. We will strive to gain new customers and to expand our product mix and range.

We expect rising labour and production costs will remain the major challenges to our performance. To combat cost challenges, we will continue to streamline production process and control costs. To this end, we will further reinforce our operation audit function and production costs will be critically reviewed and tightly monitored at each production process. We believe significant cost savings can be achieved through tight control of costs.

APPRECIATION

On behalf of the Board, I want to thank the directors, the management and all our employees for their strong commitment and loyal support throughout a difficult year for the Group. I also want to thank our shareholders, investors, bankers, customers and suppliers for their continued encouragement and strong support to the Group.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 27 March 2013

FINANCIAL REVIEW

HIGHLIGHTS ON FINANCIAL RESULTS

$ million	**2012**	2011	% increase/ (decrease)
Turnover	**1,342**	1,553	(13.6%)
EBITDA/(LBITDA)	**38**	(104)	N/A
Loss before tax	**(24)**	(164)	(85.4%)
Income tax expense	**(34)**	(1)	3,300.0%
Loss for the year	**(58)**	(165)	(64.8%)

Discussion on Financial Results

The Group's turnover was $1,342 million in 2012, representing a 13.6% decrease over the $1,553 million in 2011, primarily due to the discontinuation of the GE license business and lower sales from the ODM business. This was partially offset by higher revenue from CMS and the first-year contribution from the child product business acquired from CCT Telecom. Against a backdrop of difficult operating environment, the Group was able to deliver an EBITDA of $38 million, a notable positive swing from the negative EBITDA of $104 million in 2011. During the year, income tax charges were $33 million higher than in 2011, caused by a one-time compromise settlement in relation to a Hong Kong tax review for the past years. Despite all these, the Group's reported net loss narrowed by 64.8% from HK$165 million in 2011 to $58 million in 2012, thanks to the Group's successful efforts to restructure and reform its operations.

ANALYSIS BY BUSINESS SEGMENT

	Turnover		**Loss before tax**	
$ million	**2012**	2011	**2012**	2011
Telecom, electronic and child products	**1,342**	1,553	**(22)**	(161)

During the year, the Group's single business segment - the manufacture and sale of telecom, electronic and child products - contributed the entire Group revenue. There was no significant change in the Group's principal business, save for the intra-group acquisition of the child product business from CCT Telecom. The Group's operating loss was $22 million as compared to an operating loss of $161 million in 2011. This notable improvement is largely attributable to the absence of the exception losses incurred in 2011 and the cost savings achieved in 2012.

ANALYSIS BY GEOGRAPHICAL SEGMENT

	Turnover				
	2012		2011		% increase/
$ million	**Amount**	**Relative %**	Amount	Relative %	(decrease)
Europe	**710**	**52.9%**	880	56.7%	(19.3%)
Asian Pacific and others	**400**	**29.8%**	522	33.6%	(23.4%)
North America	**232**	**17.3%**	151	9.7%	53.6%
Total	**1,342**	**100.0%**	1,553	100.0%	(13.6%)

European market, Group's largest market, contributed 52.9% of the Group's total turnover. Sales to Europe dropped by 19.3% to $710 million in the year, caused by deferred orders from customers as the European economy was slowly adjusted by the debt-stricken euro countries. Turnover from the Asian Pacific and other regions was only $400 million, down 23.4%, amidst a slow world economy. Sales to the North American market however, rose by 53.6% to $232 million, mainly led by contribution from the child product business.

HIGHLIGHTS ON SIGNIFICANT MOVEMENTS ON FINANCIAL POSITION

$ million	**31 December 2012**	31 December 2011	% increase/ (decrease)
Inventories	**88**	127	(30.7%)
Trade receivables	**306**	294	4.1%
Pledged time deposits	**186**	217	(14.3%)
Cash and cash equivalents	**263**	320	(17.8%)
Trade and bills payables	**309**	417	(25.9%)
Current and non-current interest-bearing bank and other borrowings	**479**	473	1.3%
Promissory note	**67**	-	N/A
Equity attributable to owners of the parent	**491**	548	(10.4%)

Discussion on Financial Position

Inventory decreased 30.7% in the year under review, driven by decrease in sales and improvement in inventory control. The inventory turnover period of the Group maintained at a healthy level of 30.5 days (2011: 26.6 days).

Trade receivables of the Group amounted to $306 million, a slight increase of 4.1% from $294 million as at 31 December 2011.

Pledged time deposits dropped from $217 million at 2011 balance sheet date to $186 million at end of 2012, as some of the Reminbi ("**RMB**") hedging arrangements were unwound in order to realize some of the exchange gains. Of the pledged deposits, a total amount of $101 million (equivalent to RMB81 million) were RMB deposits which were pledged to a banker to secure equivalent amount of Hong Kong dollar loans. Such arrangements are aimed at hedging RMB appreciation risk under which 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.

Reported cash and cash equivalents dropped by 17.8% to $263 million as at 31 December 2012. The net decrease in cash and bank balance represented net cash used for operations.

Trade and bills payables decreased by 25.9% to $309 million, largely reflecting reduction of purchases following reduction in sales.

The aggregate amount of the current and non-current interest-bearing bank and other borrowings was $479 million, only $6 million or 1.3% higher than in 2011. The net increase represented additional working-capital bank loans, less part repayment of Hong Kong dollar loans.

Promissory note of $67 million represented the deferred payment of consideration for acquisition of the child product business as at 31 December 2012.

Equity attributable to owners of the parent at end of the year stood at $491 million, down 10.4%, due primarily to the loss attributable to the owners of the parent for 2012.

CAPITAL STRUCTURE AND GEARING RATIO

	31 December 2012		31 December 2011	
$ million	**Amount**	**Relative %**	Amount	Relative %
Bank borrowings	**477**	**49.2%**	473	46.3%
Finance lease payable	**2**	**0.2%**	-	-
Total borrowings	**479**	**49.4%**	473	46.3%
Equity	**491**	**50.6%**	548	53.7%
Total capital employed	**970**	**100.0%**	1,021	100.0%

The Group's gearing ratio increased to 49.4% as at 31 December 2012 (2011: 46.3%) as a result of net increase of the bank and other borrowings.

The Group's outstanding bank and other borrowings increased to $479 million as at 31 December 2012 (2011: $473 million). The maturity profile of the Group's bank and other borrowings falling due within one year, in the second to the fifth year and beyond five years amounted to $397 million, $82 million and nil respectively (2011: $368 million, $86 million and $19 million respectively).

Out of the Group's bank and other borrowings, a total $379 million (2011: $358 million) bank loans were borrowed to finance the ordinary business of the Group and the balance of $100 million (2011: $115 million) were Hong Kong dollar loans fully secured by RMB deposits for hedging against RMB appreciation exposure. There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

$ million	**31 December 2012**	31 December 2011
Current assets	**886**	1,028
Current liabilities	**824**	941
Current ratio	**107.5%**	109.2%

Current ratio maintained at a healthy level of 107.5% (2011: 109.2%). Among the total cash balance of $457 million, deposits with an aggregate amount of $186 million (2011: $217 million) were pledged for general banking facilities and for hedging RMB appreciation.

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

CAPITAL COMMITMENTS

As at 31 December 2012, capital commitment of the Group amounted to $2 million (2011: $4 million). The capital commitment will be funded partly by internal resources and partly by bank borrowings.

TREASURY MANAGEMENT

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

During the financial year 2012, the Group's receipts were mainly denominated in US dollar. Payments were mainly made in Hong Kong dollar, US dollar and RMB. Cash was generally placed in short-term deposits denominated in Hong Kong dollar, US dollar and RMB. In 2012, the Group's borrowings were mainly denominated in Hong Kong dollar, US dollar and RMB and interest on the borrowing was principally determined on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk 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. On the 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 dollar, the management considers that the foreign exchange exposure risk for the US dollar is not material.

As for RMB exposure, since our factory wages and overhead are paid in RMB, our production costs will rise due to the further appreciation of RMB. During the year, we continued to enter into the arrangements as described in the discussion on financial position above as a means to hedge our RMB appreciation exposure. Despite the fluctuation in RMB in 2012, we consider such arrangements can hedge part of our exposure against RMB appreciation in the long run.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

Save for the acquisition of child product business from CCT Telecom, 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 2012 (2011: Nil).

PLEDGE OF ASSETS

As at 31 December 2012, certain of the Group's assets with a net book value of $499 million (2011: $467 million) and time deposits of $186 million (2011: $217 million) were pledged to secure the general banking facilities granted to the Group to finance operations and for hedging RMB exposure.

CONTINGENT LIABILITIES

As at 31 December 2012, 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 2012 was 4,690 (2011: 4,247). 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 2012, there was no outstanding share option (2011: 600,000,000 shares).

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.

CORPORATE GOVERNANCE

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

In the opinion of the directors of the Company (the **"Director(s)"**), the Company has complied with all the Code Provisions under (i) the Code on Corporate Governance Practices as set out in Appendix 14 before 1 April 2012 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (the **"Old Code"**) throughout the period from 1 January 2012 to 31 March 2012 and (ii) the Corporate Governance Code as set out in Appendix 14 after 31 March 2012 to the Listing Rules (the "**CG Code**") throughout the period from 1 April 2012 to 31 December 2012, except for the following deviations from the Code Provisions of the Old Code and 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 (Note)

(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.

Note: Up to 31 March 2012, all of the independent non-executive directors of the Company (the "**INED(s)**") were not appointed for a specific term. However, all INEDs entered into letters of appointment with the Company during 2012 for a term of three years commencing from 1 April 2012, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company. The Company therefore deviated from the Code Provision A.4.1 of the Old Code throughout the period from 1 January 2012 to 31 March 2012 and has subsequently complied with Code Provision A.4.1 of the CG Code throughout the period from 1 April 2012 to 31 December 2012.

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 2012 and will be disclosed in the corporate governance report contained in the 2012 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2013.

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 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, 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**") since 2002 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. In 2012 and as at the date of this announcement, the Audit Committee was composed of three members who were the three independent non-executive directors, namely Mr. Lau Ho Kit, Ivan (also as chairman of the Audit Committee), Mr. Chow Siu Ngor and Mr. Chen Li, one of whom is a qualified accountant and has extensive experience in accounting and financial matters.

The Audit Committee 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 2012. Regular meetings have been held by the Audit Committee since its establishment and the Audit Committee held three meetings in 2012.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2012 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2013.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") since 2005 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. Throughout 2012 and as at the date of this announcement, the Remuneration Committee was composed of five members comprising three INEDs, namely Mr. Chow Siu Ngor (also acted as chairman of the Remuneration Committee), Mr. Lau Ho Kit, Ivan and Mr. Chen Li, and two executive directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee held one meeting in 2012.

Further information of the Remuneration Committee will be disclosed in the corporate governance report contained in the 2012 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2013.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") since 29 March 2012 with specific written terms of reference in line with the code provisions under the CG Code. Throughout 2012 and as at the date of this announcement, the Nomination Committee was composed of five members comprising three INEDs, namely Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Chen Li, and two executive Directors, namely Mr. Mak Shiu Tong, Clement (also as chairman of the Nomination Committee) and Mr. Tam Ngai Hung, Terry. The Nomination Committee held one meeting in 2012.

Further information of the Nomination Committee will be disclosed in the corporate governance report contained in the 2012 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2013.

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. Throughout the year of 2012 and as at the date of this announcement, the INEDs are considered to be independent.

In 2012, the Company complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of a minimum number of INEDs, at least an INED with appropriate professional qualifications or accounting or related financial management expertise and the number of INEDs representing at least one-third of the Board. Throughout 2012 and as at the date of this announcement, the Board was composed of three INEDs representing more than one-third of the total number of the Board members. One of the INEDs has 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 2012 is published on the websites of the Company at www.cct-tech.com.hk/eng/investor/statutory.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 2013.

ANNUAL GENERAL MEETING

The 2013 AGM will be held at 31/F., Fortis Tower, 77-79 Gloucester Road, Hong Kong on Wednesday, 22 May 2013 at 10:00 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 from Monday, 20 May 2013 to Wednesday, 22 May 2013 (both days inclusive), during which period, no transfer of share(s) will be effected. In order to determine the entitlement to attend and vote at the AGM, 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 Thursday, 16 May 2013.

BOARD OF DIRECTORS

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

By Order of the Board
Mak Shiu Tong, Clement
Chairman

Hong Kong, 27 March 2013

ANNUAL RESULTS

The Board presents the consolidated annual results of the Group for the year ended 31 December 2012, together with the comparative amounts for the previous year as follows:

Consolidated Income Statement
For the year ended 31 December 2012

HK$ million	*Notes*	**2012**	2011
REVENUE	*4*	**1,342**	1,553
Cost of sales		**(1,297)**	(1,506)
Gross profit		**45**	47
Other income and gains		**43**	28
Selling and distribution expenses		**(32)**	(57)
Administrative expenses		**(59)**	(102)
Other expenses		**(4)**	(69)
Finance costs	*5*	**(17)**	(11)
LOSS BEFORE TAX	*6*	**(24)**	(164)
Income tax expense	*7*	**(34)**	(1)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**(58)**	(165)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**(HK0.09 cent)**	(HK0.25 cent)
Diluted		**(HK0.09 cent)**	(HK0.25 cent)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

HK$ million	**2012**	2011
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**(58)**	(165)
Other comprehensive income		
Exchange differences on translation of foreign operations	**1**	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	**(57)**	(165)

Consolidated Statement of Financial Position

31 December 2012

HK$ million	*Notes*	**2012**	2011
ASSETS			
Non-current assets			
Property, plant and equipment		**306**	300
Investment properties		**178**	178
Prepaid land lease payments		**78**	66
Prepayments for acquisition of property, plant and equipment		**-**	1
Goodwill		**22**	22
Total non-current assets		**584**	567
Current assets			
Inventories		**88**	127
Trade receivables	*11*	**306**	294
Prepayments, deposits and other receivables		**35**	62
Time deposits with original maturity of more than three months		**8**	8
Pledged time deposits		**186**	217
Cash and cash equivalents		**263**	320
Total current assets		**886**	1,028
Total assets		**1,470**	1,595
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital		**654**	654
Reserves		**(163)**	(106)
Total equity		**491**	548
Non-current liabilities			
Interest-bearing bank and other borrowings		**82**	105
Deferred tax liabilities		**6**	1
Promissory note		**67**	-
Total non-current liabilities		**155**	106
Current liabilities			
Trade and bills payables	*12*	**309**	417
Tax payable		**3**	9
Other payables and accruals		**115**	147
Interest-bearing bank and other borrowings		**397**	368
Total current liabilities		**824**	941
Total liabilities		**979**	1,047
Total equity and liabilities		**1,470**	1,595
Net current assets		**62**	87
Total assets less current liabilities		**646**	654

Notes :

1. BASIS OF PREPARATION

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

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's 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*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

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 – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments*: *Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments*: *Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 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. 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

The Group has only one reportable operating segment which is the manufacture and sale of telecom, electronic and child products.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) *Revenue from external customers*

HK$ million	**2012**	2011
Europe	**710**	880
Asian Pacific and others	**400**	522
North America	**232**	151
	1,342	1,553

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	**2012**	2011
Hong Kong	**35**	36
Mainland China	**549**	531
	584	567

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

Information about major customers

For the year ended 31 December 2012, revenue from each of two major customers was HK$298 million and HK$185 million, respectively, representing 22% and 14% of the Group's total revenue, respectively.

For the year ended 31 December 2011, revenue from each of three major customers was HK$398 million, HK$393 million and HK$161 million, respectively, representing 26%, 25% and 10% of the Group's total revenue, respectively.

5. FINANCE COSTS

An analysis of finance costs is as follows:

HK$ million	2012	2011
Interest on bank loans wholly repayable within five years	**15**	5
Interest on bank loans wholly repayable beyond five years	**-**	6
Interest on promissory note	**2**	-
Total interest expense on financial liabilities not at fair value through profit or loss	**17**	11

6. LOSS BEFORE TAX

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

HK$ million	2012	2011
Cost of inventories sold	**1,288**	1,500
Depreciation	**43**	47
Amortisation of prepaid land lease payments	**2**	2
Provision for slow-moving and obsolete inventories	**9**	15
(Gain)/loss on disposal of items of property, plant and equipment	**(8)**	5
Write-off of items of property, plant and equipment	**-**	8
Reversal of impairment of trade receivables, net	**-**	(7)
Gain on disposal of subsidiaries	**-**	(6)
Gain on bargain purchase	**(10)**	-

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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	2012	2011
Current – Hong Kong profits tax:		
Underprovision in prior years	**43**	-
(represented one-time compromise tax settlement for past years)		
Current – Corporate income tax in the Mainland China:		
Charge for the year	**-**	2
Overprovision in prior years	**(9)**	-
Deferred	**-**	(1)
Total tax charge for the year	**34**	1

8. DIVIDENDS

No dividends have been paid or declared by the Company for the year ended 31 December 2012 (2011: Nil).

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

The calculation of the basic and diluted loss per share amounts for the year is based on the loss for the year attributable to ordinary equity holders of the parent of HK$58 million (2011: HK$165 million), and the weighted average number of 65,413,993,990 (2011: 65,413,993,990) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2012 and 2011 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2012, the Group acquired fixed assets of approximately HK$8 million (2011: HK$20 million). During the year, the Group disposed of fixed assets of approximately HK$3 million (2011: HK$9 million).

11. 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:

	2012		2011	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**95**	**31**	75	26
31 to 60 days	**84**	**27**	105	36
61 to 90 days	**76**	**25**	95	32
Over 90 days	**51**	**17**	19	6
	306	**100**	294	100

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

12. TRADE AND BILLS PAYABLES

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

	2012		2011	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**94**	**31**	110	26
31 to 60 days	**72**	**23**	104	25
61 to 90 days	**63**	**20**	79	19
Over 90 days	**80**	**26**	124	30
	309	**100**	417	100

Included in the trade and bills payables are trade payables of HK$9 million (2011: HK$40 million) due to Neptune Holding Limited and Electronic Sales Limited, being wholly-owned subsidiaries of CCT Telecom, which are unsecured, interest-free and are repayable within 90 days from the invoice date.

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