PERFECTECH INTERNATIONAL HOLDINGS LIMITED
威發國際集團有限公司*

(the "Company")

(incorporated in Bermuda with limited liability)

(Stock Code: 0765)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

RESULTS

The board of directors (the "Board") of Perfectech International Holdings Limited (the "Company") hereby announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 and the comparative figures in 2010 were as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Revenue	3 & 4	**382,963**	382,779
Cost of sales		**(324,373)**	(323,020)
Gross profit		**58,590**	59,759
Net other (expenses) income	5	**(9,117)**	10,248
Distribution costs		**(12,919)**	(14,279)
Increase in fair value of an investment property		**884**	–
Administrative expenses		**(42,215)**	(33,699)
Finance costs	6	**(478)**	(488)
(Loss) profit before tax	7	**(5,255)**	21,541
Income tax credit (expenses)	8	**1,623**	(154)
(Loss) profit for the year		**(3,632)**	21,387

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Other comprehensive income			
Exchange difference on translation of overseas operations		**379**	103
Total comprehensive (expenses) income for the year		**(3,253)**	21,490
(Loss) profit for the year attributable to:			
Owners of the Company		**(5,613)**	20,175
Non-controlling interests		**1,981**	1,212
(Loss) profit for the year		**(3,632)**	21,387
Total comprehensive (expenses) income for the year attributable to:			
Owners of the Company		**(5,245)**	20,268
Non-controlling interests		**1,992**	1,222
Total comprehensive (expenses) income for the year		**(3,253)**	21,490
Dividends	9	**9,414**	20,688
(Loss) earnings per share	10		
Basic		**(2.09 Cents)**	7.27 Cents
Diluted		**(2.09 Cents)**	7.15 Cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**38,330**	38,567
Investment property		**8,500**	–
Deferred tax assets		**5,984**	2,168
		52,814	40,735
CURRENT ASSETS			
Inventories		**60,256**	57,432
Trade and other receivables	11	**53,050**	56,499
Amounts due from a related company		**1,161**	2,445
Prepaid lease payments		**–**	6
Tax recoverable		**608**	370
Investments held-for-trading		**68,025**	72,910
Derivative financial instruments		**622**	248
Pledged bank deposits		**1,254**	4,818
Bank balances and cash		**60,399**	72,487
		245,375	267,215
CURRENT LIABILITIES			
Trade and other payables	12	**55,151**	45,556
Derivative financial instruments		**3,692**	3,009
Tax liabilities		**2,373**	2,347
Bank borrowings		**25,670**	27,750
		86,886	78,662
NET CURRENT ASSETS		**158,489**	188,553
TOTAL ASSETS LESS CURRENT LIABILITIES		**211,303**	229,288
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**668**	827
NET ASSETS		**210,635**	228,461
CAPITAL AND RESERVES			
Share capital		**26,381**	27,521
Reserves		**175,031**	191,682
Equity attributable to owners of the Company		**201,412**	219,203
Non-controlling interests		**9,223**	9,258
TOTAL EQUITY		**210,635**	228,461

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. BASIS OF PREPARATION

The audited consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

New and revised HKFRSs applied with no material effects on the consolidated financial statements

The following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) have been applied by the Group in the current year and have affected the presentation and disclosures set out in these consolidated financial statements. The application of these new and revised HKFRSs has had no impact on the Group's financial performance and positions for the current and prior years but may affect the accounting for future transactions or arrangements.

HKAS 24 Related Party Disclosures (as revised in 2009)	HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities. The application of the revised Standard has had no effect on the consolidated financial statements of the Group.
Amendments to HKAS 32 Classification of Rights Issues	The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to HKAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application. The application of the amendments has had no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.

Amendments to HK (IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement	The Interpretation addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of HKAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Group's consolidated financial statements.
HK (IFRIC)-Int 19 Extinguishing Financial Liabilities with Equity Instruments	The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under HK (IFRIC)-Int 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss. The application of HK (IFRIC)-Int 19 has had no effect on the amounts reported in the current and prior years because the Group has not entered into any transactions of this nature.
Improvements to HKFRSs issued in 2010	The application of Improvements to HKFRSs issued in 2010 has not had any material effect on amounts reported in the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

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

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

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency of risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company (the "Directors") anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The Directors anticipate that the application of the amendments to HKAS 12 in future reporting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the Directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The Directors anticipate that the amendments to HKAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to HKAS 19 has not had material effect on the Group's consolidated financial statements because the Group has not operated defined benefit plans for employees.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less returns and trade discounts, during the year.

	2011	2010
	HK$'000	*HK$'000*
Novelties and decorations products	**81,761**	97,985
Packaging products	**50,309**	63,057
PVC films and plastic materials	**52,752**	65,360
Toys products	**198,141**	156,377
	382,963	382,779

4. SEGMENTS REPORTING

For management purposes, the Group is currently organised into four operating segments, namely the manufacture and sale of novelties and decorations products, the manufacture and sale of packaging products, the trading of PVC films and plastic materials and the manufacture and sale of toy products.

The following is an analysis of the Group's revenue and results by reportable segment:

2011

	Novelties and decorations products	**Packaging products**	**PVC films and plastic materials**	**Toy products**	**Eliminations**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
REVENUE						
External sales	**81,761**	**50,309**	**52,752**	**198,141**	**–**	**382,963**
Inter-segment sales	**1**	**15,728**	**1,642**	**–**	**(17,371)**	**–**
Total revenue	**81,762**	**66,037**	**54,394**	**198,141**	**(17,371)**	**382,963**
RESULT						
Segment result	**3,242**	**(2,744)**	**(1,591)**	**17,675**	**–**	**16,582**
Loss from investments						**(16,998)**
Increase in fair value of an investment property						**884**
Unallocated corporate expenses						**(5,245)**
Finance costs						**(478)**
Loss before tax						**(5,255)**
Income tax credit						**1,623**
Loss for the year						**(3,632)**

Inter-segment sales are charged at prevailing market rates.

	Novelties and decorations products *HK$'000*	Packaging products *HK$'000*	PVC films and plastic materials *HK$'000*	Toy products *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	**54,663**	**50,557**	**17,784**	**92,372**	**215,376**
Unallocated corporate assets					**82,813**
Consolidated total assets					**298,189**
LIABILITIES					
Segment liabilities	**37,168**	**8,508**	**7,295**	**28,563**	**81,534**
Unallocated corporate liabilities					**6,020**
Consolidated total liabilities					**87,554**

	Novelties and decorations products *HK$'000*	Packaging products *HK$'000*	PVC films and plastic materials *HK$'000*	Toy products *HK$'000*	Consolidated *HK$'000*
Additions of property, plant and equipment	**591**	**739**	**2**	**9,265**	**10,597**
Depreciation and amortisation	**2,225**	**3,345**	**31**	**4,463**	**10,064**
Interest Income	**21**	**32**	**2**	**18**	**73**
Release of prepaid lease payments	**–**	**–**	**–**	**6**	**6**

2010

	Novelties and decorations products *HK$'000*	Packaging products *HK$'000*	PVC films and plastic materials *HK$'000*	Toy products *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	97,985	63,057	65,360	156,377	–	382,779
Inter-segment sales	88	19,371	1,063	–	(20,522)	–
Total revenue	98,073	82,428	66,423	156,377	(20,522)	382,779
RESULT						
Segment result	2,395	436	1,546	10,826	–	15,203
Income from investments						4,749
Increase in fair value of an investment property						–
Unallocated corporate income						2,077
Finance costs						(488)
Profit before tax						21,541
Income tax expenses						(154)
Profit for the year						21,387

Inter-segment sales are charged at prevailing market rates.

	Novelties and decorations products *HK$'000*	Packaging products *HK$'000*	PVC films and plastic materials *HK$'000*	Toy products *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	63,862	60,305	21,591	77,832	223,590
Unallocated corporate assets					84,360
Consolidated total assets					307,950
LIABILITIES					
Segment liabilities	42,291	6,094	4,167	21,623	74,175
Unallocated corporate liabilities					5,314
Consolidated total liabilities					79,489

	Novelties and decorations products *HK$'000*	Packaging products *HK$'000*	PVC films and plastic materials *HK$'000*	Toy products *HK$'000*	Consolidated *HK$'000*
Additions of property, plant and equipment	705	1,735	7	4,966	7,413
Depreciation and amortisation	2,581	4,304	54	4,590	11,529
Interest Income	30	12	1	11	54
Release of prepaid lease payments	–	–	–	74	74

Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, investment and other income, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than held-for-trading investments, other financial assets, and deferred tax assets. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

- all liabilities are allocated to operating segments other than deferred tax liabilities, other financial liabilities and borrowings. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Geographical Information

The following table provides an analysis of the Group's sales by geographical market:

	2011	2010
	HK$'000	*HK$'000*
Sales revenue by geographical market:		
Hong Kong	**100,970**	149,726
Europe	**88,803**	93,485
America	**78,661**	63,074
Asia (other than Hong Kong)	**105,368**	62,998
Others	**9,161**	13,496
	382,963	382,779

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**170,322**	191,402	**7,620**	13
The People's Republic of China (the "PRC")	**127,867**	116,548	**2,977**	7,400
	298,189	307,950	**10,597**	7,413

Information about major customer

Included in revenues arising from sales of toy products of approximately HK$198,141,000 (2010: HK$156,377,000) are revenues of approximately HK$152,663,000 (2010: HK$117,702,000) which arose from sales to the Group's largest customer.

5. NET OTHER (EXPENSES) INCOME

	2011	2010
	HK$'000	*HK$'000*
Bad debt recovered	**283**	759
Dividend incomes on investments held-for-trading	**1,860**	2,661
Gain on disposal of property, plant and equipment	**2,676**	–
Interest income	**73**	54
Net change in fair value of investments held-for-trading	**(13,197)**	1,967
Net change in fair value of derivative financial instruments	**(309)**	60
Rental income	**116**	608
Realised (loss) gain on disposal of investments held-for-trading	**(5,355)**	53
Sample sales	**337**	342
Scrap sales	**1,981**	2,242
Others	**2,418**	1,502
	(9,117)	10,248

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**478**	488

7. (LOSS) PROFIT BEFORE TAX

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit before tax has been arrived at after charging:		
Auditors' remuneration	**850**	800
Allowance for doubtful debts	**1,325**	55
Cost of inventories recognised as an expense	**176,937**	191,989
Depreciation of property, plant and equipment	**10,064**	11,529
Foreign exchange losses, net	**4,918**	7,207
Loss on disposals of property, plant and equipment	**–**	1,258
Operating lease rentals in respect of rented premises	**6,188**	5,511
Release of prepaid leases prepayments	**6**	74
Share-based payments expenses	**6,220**	–
Staff costs (including Directors' emoluments)	**88,967**	85,852
Written down of inventories	**800**	–

8. INCOME TAX (CREDIT) EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**2,351**	2,224
PRC Enterprise Income Tax	**–**	–
	2,351	2,224
Under (over) provision in prior years:		
PRC Enterprise Income Tax	**1**	–
Hong Kong Profits Tax	**–**	(2,149)
	2,352	75
Deferred tax		
Current year	**(3,975)**	79
Total income tax (credit) expenses recognised in profit or loss	**(1,623)**	154

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

The tax charge for the year can be reconciled to the (loss) profit before tax as follows:

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit before tax	**(5,255)**	21,541
Tax at Hong Kong Profits Tax of 16.5%	**(867)**	3,554
Tax effect of income not taxable for tax purposes	**(2,193)**	(2,399)
Tax effect of expenses not deductible for tax purposes	**712**	1,258
Tax effect on temporary differences not recognised	**(1)**	(1)
Tax effect on tax losses not recognised	**508**	47
Utilisation of tax losses not previously recognised	**8**	(11)
Under (over) provision in prior year	**1**	(2,149)
Effect of different tax rates of group entities operating in the PRC	**209**	(145)
Tax (credit) charge for the year	**(1,623)**	154

9. DIVIDENDS

	2011 *HK$'000*	2010 *HK$'000*
Interim, paid – 1.0 HK cent (2010: 1.0 HK cent) per share	**2,658**	2,750
Final, paid – 2.5 HK cents per share for 2010 (2010: 6.5 HK cents per share for 2009)	**6,756**	17,938
	9,414	20,688

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2011 of 1.0 HK cent (2010: 2.5 HK cents) per share and a special one-off dividend of 10.0 HK cents per share have been proposed by the Directors and is subject to approval by the shareholders in general meeting.

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the net loss for the year of approximately HK$5,613,000 (2010: profit of HK$20,175,000) and the following data:

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**268,829,032**	277,627,214
Effect of dilutive potential ordinary shares on share options	**–**	4,671,307
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	**268,829,032**	282,298,521

No diluted loss per share has been presented for the year because the share options outstanding had an anti-dilutive effect in the calculation of diluted loss per share.

11. TRADE AND OTHER RECEIVABLES

	2011 *HK$'000*	2010 *HK$'000* *(Restated)*
Trade receivables	**60,935**	65,312
Less: impairment loss on trade receivables	**(15,397)**	(15,696)
	45,538	49,616
Prepayment and other receivables	**7,512**	6,883
	53,050	56,499

The Group allows an average credit period of 60 days to its trade customers.

The following is an aging analysis of the Group's trade receivables by age, presented based on the invoice date and net of allowance for doubtful debts at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
0 – 60 days	**36,506**	34,939
61 – 90 days	**2,998**	6,394
91 – 120 days	**2,044**	3,622
Over 120 days	**3,990**	4,661
	45,538	49,616

Trade receivables disclosed above include amounts which are past due at the end of reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The following is an aging analysis of the Group's trade receivables that are past due but not impaired at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
Overdue by:		
0 – 60 days	**6,032**	3,723
61 – 90 days	**293**	1,138
91 – 120 days	**79**	19
Over 120 days	**66**	37
	6,470	4,917

The following is the movement in the allowance for doubtful debts:

	2011	2010
	HK$'000	*HK$'000*
Balance at the beginning of the year	**15,696**	16,778
Allowance for doubtful debts during the year	**1,324**	55
Amounts recovered during the year	**(283)**	(759)
Amounts written off during the year	**(1,340)**	(378)
Balance at the end of the year	**15,397**	15,696

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. The fair value of the Group's trade and other receivables at 31 December 2011 approximates to the corresponding carrying amount.

The following is an aging analysis of the Group's impaired trade receivables:

	2011	2010
	HK$'000	*HK$'000*
Overdue by:		
0 – 60 days	**–**	–
61 – 90 days	**–**	–
91 – 120 days	**–**	–
Over 120 days	**15,397**	15,696
	15,397	15,696

12. TRADE AND OTHER PAYABLES

The following is an aging analysis of the Group's trade payables at the end of reporting period:

	2011	2010
	HK$'000	*HK$'000*
0 – 60 days	**21,705**	19,870
61 – 90 days	**1,621**	979
91 – 120 days	**322**	128
Over 120 days	**544**	355
	24,192	21,332

The fair value of the Group's trade and other payables at 31 December 2011 approximates to the corresponding carrying amount.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The board of directors of the Company (the "Board") has resolved to announce the audited consolidated results for the year ended 31 December 2011. Total revenue for the year amounted to approximately HK$382,963,000 (2010: HK$382,779,000). The net loss for the year stood at approximately HK$5,613,000 (2010: profit of HK$20,175,000). Basic loss per share was approximately 2.09 HK cents (2010: earnings of 7.27 HK cents).

FINAL AND SPECIAL DIVIDENDS

The Board recommends the payment of a final dividend for the year ended 31 December 2011 of 1.0 HK cents per share (2010: 2.5 HK cents per share) payable to shareholders on the register of members of the Company (the "Register of Members") on 7 June 2012. This dividend together with the interim dividend of 1.0 HK cent per share (2010: 1.0 HK cent per share) will make a total of 2.0 HK cents per share for the year (2010: 3.5 HK cents per share). In order to commemorate the 20th anniversary of the listing of the Company on the Stock Exchange of Hong Kong Limited, a special one-off dividend of 10.0 HK cents per share is recommended by the Board. Subject to the approval of shareholders at the forthcoming Annual General Meeting (the "AGM"), the final dividend together with the special dividend will be paid on or about 21 June 2012.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of shareholders to attend and vote at the AGM, and entitlement to the final and special dividends, the Register of Members will be closed. Details of such closures are set out below:

(i) For determining the eligibility to attend and vote at the AGM:

Latest time to lodge transfer documents for registration –	4:30 pm on Monday, 28 May 2012
Closure of the Register of Members –	Tuesday, 29 May 2012 to Wednesday, 30 May 2012 (both dates inclusive)
Record date –	Wednesday, 30 May 2012

(ii) For determining the entitlement to the final and special dividends:

Latest time to lodge transfer documents for registration –	4:30 pm on Tuesday, 05 June 2012
Closure of the Register of Members –	Wednesday, 06 June 2012 to Thursday, 07 June 2012 (both dates inclusive)
Record date –	Thursday, 07 June 2012

During the above closure periods, no share transfer will be registered. In order to be eligible to attend and vote at the AGM, and to be entitled for the proposed final and special dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong at Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than the aforementioned latest time.

BUSINESS REVIEW

The year 2011 was a challenging year to both financial and non-financial sectors of the world due to the default risks of European sovereign debts and the down-grading of US government credit rating. Quantitative easing is one of the expectations for solving the issues. As a result, commodities prices continued to stand at high levels. To the Group, certain of its business lines face the problem of inflating costs together with keen price competition. Two of its four segments recorded negative results before interests and tax. Moreover, since the stock market slumped in Hong Kong and in the PRC, investing activities also recorded both realised and unrealised loss in 2011. Nevertheless, the overall results of the core business remained stable and solid, and the financial position of the Group remained sound.

During the year, the revenue of the Group remained quite stable at approximately HK$382,963,000 (2010: HK$382,779,000), and the Group recorded a net loss attributable to owners of the Company of approximately HK$5,613,000 (2010: profit of HK$20,175,000). The decrease in annual results of the Group was mainly due to loss from investment together with the increase of share-based payments of approximately HK$6,220,000 (2010: HK$Nil) as a result of options granted during the year.

For the year 2011, the loss of the Group included loss on disposal of investments held-for-trading of approximately HK$5,355,000 (2010: profit of HK$53,000), decrease in fair value of investments held-for-trading of approximately HK$13,197,000 (2010: increase of HK$1,967,000) and decrease in fair value of derivative financial instruments of approximately HK$309,000 (2010: increase of HK$60,000). As at 31 December 2011, the closing figure of Hang Seng Index was 18,434.39. Since then, the Hang Seng Index has rebounded substantially, thus the fair value of investments held-for-trading of the Group also increased accordingly.

Besides, administrative expenses increased by about 25% to approximately HK$42,215,000 (2010: HK$33,699,000). Such increase was mainly due to the increase in share-based payments expenses incurred of approximately HK$6,220,000 (2010: HK$Nil) as a result of options granted during the year.

Finance costs decreased slightly further by about 2% to approximately HK$478,000 (2010: HK$488,000) as a result of a continuing low level of interest rates and constant level of gearing of the Group.

FUTURE PLAN & PROSPECT

Looking ahead, the Federal Reserve Board of the United States had announced that low level of interest rates would continue till the end of 2014 together with the efforts of Euro zone countries, the European sovereign debt crisis may hopefully be settled down softly. Global stock market is expected to start to recover in 2012 and the return from the Group's investment is expected to improve.

As an usual policy, with available funds on hand, the Group will continue to search for investment opportunities to enhance the returns to shareholders, and to pay cash dividends to the shareholders.

It is the intention of the Board to slow down the sales and manufacture of packaging products and the trading of plastic materials to external customers as both businesses are no more profitable. Concentration will be made on developing the more profitable segments, such as toy products and be shifted to a more technique-based manufacturing.

In spite of the fact that certain segments/sub-segments of the Group are at the sunset stage being burdens to the performance of the Group, the Board is prudently confident that the Group will continue to bring a reasonable return to its shareholders as a result of the steady and continuous growth in the business of the toys segment together with the healthy financial position of the Group with available funds for investments.

SEGMENT RESULTS

Novelties and decorations

The turnover of this segment for the year showed a drop of about 17% and stood at approximately HK$81,761,000 (2010: HK$97,985,000). Although the segment result increased by about 35% to approximately HK$3,242,000 (2010: HK$2,395,000), it was not at all satisfactory as it remained at the lower end of its record ever achieved. During the year, there was no write-back of over-provision of discretionary bonus in previous years (2010: HK$1,800,000).

Packaging products

The revenue of packaging products to external customers decreased further by about 20% to approximately HK$50,309,000 (2010: HK$63,057,000), while the segment result recorded a loss of approximately HK$2,744,000 (2010: gain of HK$436,000). Included in the loss for the year was a gain from disposal of fixed assets of approximately HK$2,317,000 (2010: loss of HK$469,000) and there was no write-back of over-provision of discretionary bonus in previous years (2010: HK$1,000,000). Despite the economies of scales as result of consolidation of certain production facilities within the segment, the segment result recorded a negative figure again since most sub-segments incurred loss as a result of keen competition, rising costs of production and decrease in profit margin. Businesses in this segment seems not to be profitable in the future, and it is the intention of the Board to reduce the business in this segment.

Trading activities

The revenue of the trading of PVC film and plastic materials decreased by about 19% to approximately HK$52,752,000 (2010: HK$65,360,000), and the segment recorded a loss of approximately HK$1,591,000 (2010: gain of HK$1,546,000) for the year. Keen competitions in the market and credit risks of customers were still the major issues faced by the Group in the segment. The continuity of this segment hinges on the overall strategic benefits it can bring to the Group as a whole. It is the intention of the Board to fade out from this business.

Toy products

The turnover of this segment grew further by about 27% to approximately HK$198,141,000 (2010: HK$156,377,000), while the segment result therefrom increased substantially to approximately HK$17,675,000 (2010: HK$10,826,000), representing a growth of about 63%. Increase in contribution was the result of the improvement in efficiency in certain of its sub-segment, even though costs of production had increased.

Investments

To well utilise the available cash on hand, the Group has invested in the securities of various listed companies, which are held for trading purposes for capital gain in the value of the securities. As at 31 December 2011, the market value of investments-held-for-trading was approximately HK$68,025,000 (2010: HK$72,910,000).

In addition, the Group may also utilise its cash on hand by other types of investment with a view to enhance the return to the shareholders. However, that must be done in accordance with the guidelines on investment transactions, details of which are posted on the Company's website, www.perfectech.com.hk.

Foreign currency exposure

The Group's sales and purchases are mainly denominated in Hong Kong Dollar and US Dollar. As all its factories are located in the PRC, expenses incurred there are dominated in Renminbi.

Since Hong Kong Dollar remains pegged to US Dollar, the Group does not foresee a substantial exposure in this area, and will closely monitor the trend of Renminbi to see if any action is required.

As at 31 December 2011, the Group had not entered into any financial instrument for the hedging of foreign currency exposures.

Liquidity and financial resources

As at 31 December 2011, the long-term finance lease obligation and bank loan of the Group were HK$Nil (2010: HK$Nil), while the short term bank borrowings were approximately HK$25,670,000 (2010: HK$27,750,000), and none of the Group's plant and machinery (2010: HK$Nil) was held under a finance lease. The gearing ratio, measured by total bank and other borrowings divided by equity, of the Group was 13% (2010: 13%). As at 31 December 2011, the Group had bank balances and cash of approximately HK$60,399,000 (2010: HK$72,487,000).

With cash and other current assets as at 31 December 2011 of HK$245,375,000 (2010: HK$267,215,000) as well as available banking facilities, the Group had sufficient financial resources to satisfy its commitments and working capital requirements.

Net asset value

The net asset value of the Group as at 31 December 2011 was approximately HK$0.76 (2010: HK$0.80) per share based on the actual number of 263,807,607 shares in issue on that date.

Employees and remuneration policies

As at 31 December 2011, the Group employed approximately 1,600 (2010: 1,700) full time employees. The Group remunerates its employees largely based on prevailing industry practice as well as individual merits. The Group has also established a share option scheme for its full time employees.

Directors' Securities Transactions

The Company has adopted a code of conduct governing the Directors' transactions in securities of the Group on terms no less exacting than the standard set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 to the Listing Rules (the "Model Code").

Following specific enquiry by the Group, all Directors have confirmed that throughout the year 2011, they complied with the required standard set out in the Model Code for securities transactions.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2011, the Company has adopted the code provisions (the "Code Provisions") set out in the "Code on Corporate Governance Practices" (the "Codes") issued by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its corporate governance code and has compiled with the Code Provisions, save for the following deviation.

Code Provision A.2.1

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

While the Company does not have the position of chief executive officer, the responsibilities normally assumed by such a role are taken up by the Managing Director. Mr. Poon Siu Chung is the Chairman and Managing Director of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Poon and believes that having Mr. Poon to perform the roles of Chairman and Managing Director is beneficial to the business prospects of the Company.

AUDIT COMMITTEE

The Company has established an audit committee which comprises all independent non-executive Directors ("INEDs"), Mr. Choy Wing Keung, David, Mr. Yip Chi Hung and Mr. Lam Yat Cheong, who is also the chairman of the committee.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed with the management matters related to internal controls assessments and financial reporting including reviewing the audited financial statements for the year ended 31 December 2011 of the Company now reported on.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of shares of HK$0.10 each	Price per share Highest	Price per share Lowest	Total amount paid
		HK$	*HK$*	*HK$*
April 2011	4,970,000	0.750	0.710	3,627,135
May 2011	1,500,000	0.760	0.760	1,146,725
June 2011	2,600,000	0.770	0.760	1,996,680
September 2011	550,000	0.720	0.710	395,903
October 2011	900,000	0.680	0.670	609,832
November 2011	1,600,000	0.720	0.680	1,135,947
December 2011	2,280,000	0.720	0.700	1,628,925
	14,400,000			10,541,147

Appreciation

Finally, I would like to take this opportunity to thank all my fellow Directors and the staff for their contribution and cordial support during the year.

On behalf of the Board
Poon Siu Chung
Chairman & Managing Director

Hong Kong, 27 March 2012

As at the date of this announcement, the Board is composed of Mr. Poon Siu Chung, Mr. Ip Siu On, Mr. Tsui Yan Lee, Benjamin, Dr. Poon Wai Tsun, William and Mr. Poon Wai Yip, Albert as executive Directors, Mr. Lam Yat Cheong, Mr. Yip Chi Hung and Mr. Choy Wing Keung, David as independent non-executive Directors.

* *identification purpose only*