



# Telecom Product Manufacturing and Distribution

## – CCT Tech Group

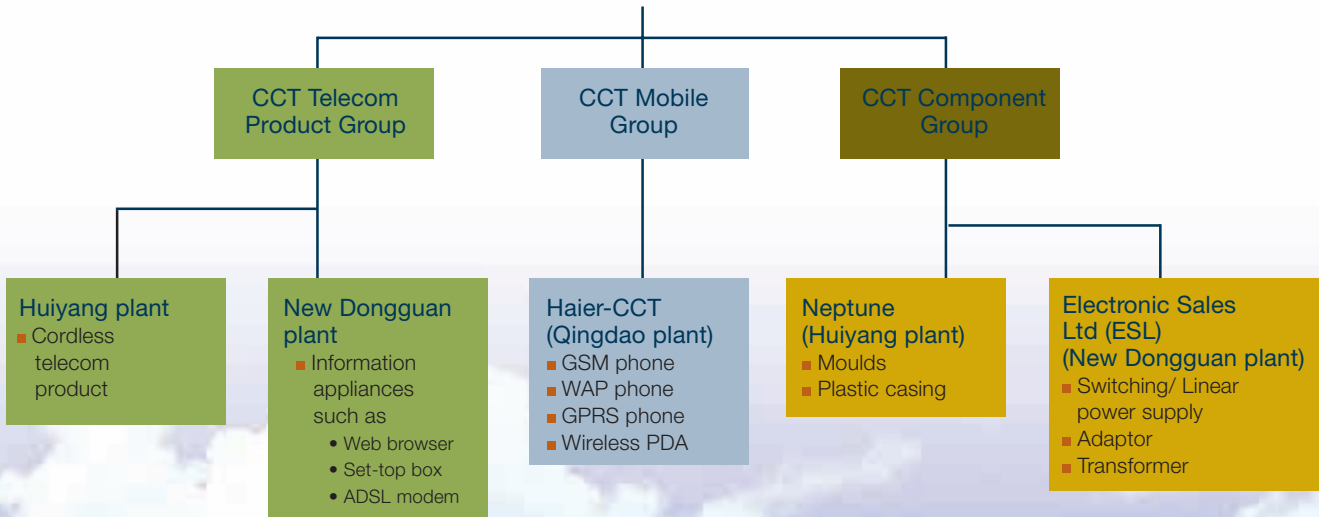
The CCT Tech Group is involved primarily in four main product streams – cordless phones, mobile phones, information appliances and components. This division has recorded drastic growth in turnover in the past five years. In 2000, the turnover was HK\$1,847 million, which represented a 48% increase from HK\$1,245 million in 1999. Building on its success in the manufacture of cordless phones, CCT Tech began diversifying into other high-margin lines with good growth potential, such as mobile phones and information appliances.

**>> The Huiyang production plant went into operation in early 2000 and increased our production capacity substantially, and we have become one of the largest manufacturers of cordless phones in the global market**





## CCT Tech Group





## Cordless Phone Manufacturing

CCT Tech Group is a wholly owned subsidiary of CCT Telecom and its Huiyang production plant went into operation in early 2000. Our production capacity increased substantially in 2000, and we have become one of the largest manufacturers of cordless phones in the global market.

The product range in this plant includes:

- CT0 (US & Europe) cordless phones
- 900 MHz analog cordless phones
- 900 MHz digital (SST) cordless phones
- 2.4 GHz analog cordless phones
- 2.4 GHz digital (SST) cordless phones
- 2.4 GHz multi-line, multi-handset cordless phones
- DECT cordless phones
- Family radio system (FRS)

Of these products, the demand for 900 MHz in the United States and DECT cordless phones in Europe is strong. The new 2.4 GHz phone is currently a leader in the high-frequency product category and will become a mainstream production item, driving growth for the Group in the next few years.



**>> Our production facility in Huiyang features state-of-the-art production infrastructure and technology and is one of the largest and most sophisticated of its kind in China**



CCT Tech maintains very good relationships with its customers. Our major customer is Atlinks, the joint venture between Thomson Multimedia of the US and Alcatel from Europe. Other customers include Germany's Loewe Telecom, France's Doro Matra Telecommunications and more.

In October 2000, CCT Tech was awarded the "1999 Best Quality Award" and was appointed as "Strategic Supplier" by Atlinks, for its outstanding performance in product design, manufacturing capability and quality assurance. Incidentally, this was the second major award CCT Tech received within one year from the same customer. These awards acknowledge our close relations with our customers. CCT Tech not only serves as a supplier to its customers but is also a preferred partner in developing the telecom product consumer markets in America and Europe.

Backed up by the good performance in cordless phone manufacturing, and by strong R&D support, CCT Tech began to diversify into the manufacture of other information appliances such as email phones, web browsers, and set-top boxes. These are high value-added products that promise high growth potential.

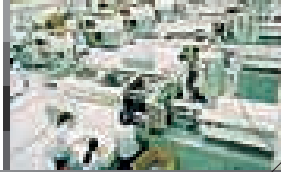
To cater for further expansion of the cordless phone and information appliances manufacturing, a new production plant is being built in Dongguan, Guangdong with construction expected to be completed in 2001. It is purposely designed to be the R&D centre and production base for newly-developed information appliances and component products.





Electronic Sales Ltd.

Neptune Holding Limited



## Component Manufacturing

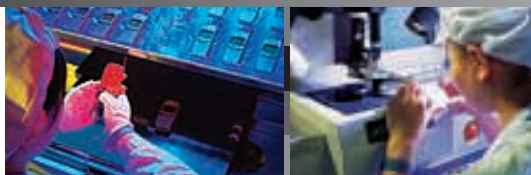
CCT Tech is enjoying the advantages of strengths gained through vertical integration via its two wholly-owned subsidiaries – Neptune and Electronic Sales Ltd (ESL). This permits CCT Tech to stay ahead of the game by developing its own unique designs, components and circuitry rather than relying on ‘off-the-shelf’ models.

Neptune is engaged in plastic related production such as spraying, silk-screening, gold-plating and ultrasonic welding. While ESL’s main products include power transformers, adaptors, switching/ linear power supplies, telephone line cords and antenna.

Neptune and ESL’s results, along with their product diversification, will bring more diverse revenue sources to CCT Tech.

**>> Haier-CCT is one of two foreign joint ventures approved by China to manufacture and distribute mobile handsets for both the domestic and export markets**





## Mobile Phone Manufacturing and Distribution

During 2000, CCT Tech saw positive developments in mobile phone manufacturing and distribution, and we have enjoyed a smooth and rapid entry into this market.

In the second half of the year, the Group joined forces with Haier Group, the largest electrical appliance manufacturer and distributor in China, to form a joint venture called 'Haier CCT Telecom Co Ltd'. Haier-CCT is one of two foreign joint ventures approved by China to manufacture and distribute mobile handsets for both the domestic and export markets.

CCT Tech possesses its own R&D expertise along with powerful materials sourcing, procurement and export capability. Haier carries an immensely strong brand name supported by an expansive domestic distribution network, and these are augmented by valuable government support.

The Haier-CCT joint venture, enjoys many benefits because of the synergy between the two companies. The complementary aspects of the relationship mean that the company enjoys multiple revenue sources – domestic and export market distribution, as well as the advantages of original design, production technology and manufacturing strength.

The current production capacity for Haier-CCT is approximately 4 million units, and its target in 2002 is 10 million units. The major item currently in production is the GSM phone. It is expected that Haier-CCT will commence production of WAP, GPRS, and PDA phones in the near future.

## Sendo

Another satisfactory achievement in 2000 is our further investment in Sendo. Sendo recently announced a partnership with Microsoft for the development of GPRS tri-band multimedia smartphone. The prospects for this major mobile phone player are promising, and we expect our investment in Sendo will yield attractive returns in the near future.

