



cordless phone operation

CCT Technology Group



Manufacturing Base	CCT Technology Park, Huiyang, Guangdong Province, China
Product Range	2.4 GHz analog cordless phone 2.4 GHz digital (SST) cordless phone 2.4 GHz multi-line, multi-handset cordless phone 900 MHz analog cordless phone 900 MHz digital (SST) cordless phone CT0 (US & Europe) cordless phone DECT cordless phone Family radio system (FRS)



2001 Review

During the period under review, intensive efforts were made to increase our overall operational efficiency. Targets were set and met, and this has brought about significant improvements including shortened lead-times for material procurement, manufacturing and logistics. These have all contributed to a more efficient inventory management and better cash flow. At the same time, our bulk material purchasing power and efforts in R&D helped to reduce the BOM (bill of material) cost. As a direct result, our profit margin was improved.

In order to enhance our operational efficiency, and to enable us to handle a growing number of production orders, SAP, a flexible yet sophisticated enterprise management software system was installed in 2001. After a nine-month installation period, which includes intensive training for new users, the system has been successfully implemented in the first quarter of 2002 in the cordless phone operation unit in both Hong Kong and China.



With SAP, we can access real-time information and improve the process flow in the Hong Kong and China offices, thus improving our overall budgeting and financial reporting efficiency.

CCT Telecom is the first integrated telecom product enterprise in Hong Kong to have successfully implemented SAP. This demonstrates our professionalism and team work. We anticipate the new system will help to save operating cost by reducing head count and make it possible to realize our goal of ship-on-time manufacturing in 2002, thereby giving us an edge on competition with a view to increasing productivity and maximizing returns.

In 2001, the third generation of GE branded 2.4 GHz cordless phones was launched in the US market. The new product was so well received in the US that in the 4th Quarter of 2001, we had to deliver the products to the US by air in order to satisfy the urgent needs of the market.

Targets were set and met by this division. For instance, significant improvement in inventory level control was achieved.



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The 2.4 GHz cordless phone is now the flagship product of CCT Telecom. Usually new products have a higher profit margin. This new product contributed to the satisfactory profit performance of the cordless phone division.

As a result of the outstanding performance of the new product and in recognition of the brilliant new product design, we were presented with the 'Best Quality Award' for the second consecutive year by Atlinks, our major customer. This again demonstrates the amicable and solid relationship we have established with our customer and serves to reinforce the partnership between the two companies.

Outlook

CCT Telecom's foothold within the telecom product manufacturing industry was further consolidated in 2001. As well as satisfying existing major customers such as Atlinks and Matra Telecom, several new significant customers in the industry were secured in the period under review. These new



customers are also renowned global players, and our sales volume in 2002 is expected to increase steadily because of this expanded customer base.

R&D is without doubt the winning weapon in the battle to become a leader in the manufacturing sector. Our R&D effort has consistently produced innovative and desirable items which have proved to be very popular. We will continue to develop and introduce user-friendly and advanced new products to satisfy market needs in the coming years. In 2002, 2.4G WDCT (Wideband Digital Cordless) phone for the US market will be launched. This platform supports multi-handset and multi-line functions. We expect this new model will be manufactured on a massive scale to meet the increasing demand from major markets.

In 2002, CCT Telecom will produce and distribute specially designed corded and cordless phones as part of our expansion into the PRC and overseas markets such as Southeast Asia.

CCT Telecom will produce and distribute specially designed telecom products as part of our expansion into the PRC market.



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