

TECHNOLOGY

科技

中期報告
Interim Report

For the six months ended 31 March 2001

截至二零零一年三月三十一日

CHAIRMAN'S LETTER

Introduction

As required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd (the "Listing Rules"), this interim report should originally be published and sent to the shareholders of the Company by 30 June 2001, the responsibilities of which, at that time, rested with the Former Directors (as defined in note 1 to the condensed consolidated financial statements). However, the Former Directors did not publish the interim report which constituted a breach of the Listing Rules. The delay in publication of the interim results for the period under review and the despatch of the interim report constituted a breach of Paragraphs 10(1) and 11(6) of the Listing Agreement.

As soon as the completion of the Group Restructuring (as described below), the Current Directors (as defined in note 1 to the condensed consolidated financial statements) have put every effort to rectify the situation and present herewith the interim report for the six months ended 31 March 2001.

Completion of the Restructuring of the Group

I am pleased to report that the restructuring of the Group (the "Group Restructuring") pursuant to the Restructuring Agreements (as defined in the composite document (the "Composite Document") of the Company (then known as Wireless InterNetworks Limited), CCT Telecom Holdings Limited and Dongguan Defa Investment Limited dated 31 March 2002) was successfully completed on 17 May 2002. The name of the Company was changed from Wireless InterNetworks Limited to CCT Technology Holdings Limited with effect from 22 May 2002.

Financial Results for the Period under Review and Information in this Report

As completion of the Group Restructuring took place after 31 March 2001, the unaudited consolidated results of the Group under review had not reflected the impact on the Group's financial position arising from the Group Restructuring.

On 17 May 2002, being the date of completion of the Group Restructuring, all the then existing directors of the Company (the “Former Directors”, as described in note 1 to the condensed consolidated financial statements) resigned and new directors of the Company (the “Current Directors”, as described in note 1 to the condensed consolidated financial statements) were appointed.

Under normal circumstances, directors of a company should take all reasonable steps to ensure that company has maintained proper books and records and to comply with all relevant regulatory requirements.

The Current Directors have taken all reasonable steps and have used their best endeavours to prepare the financial results for the period under review as well as to disclose in this report relevant information of the Group as required by the Listing Rules and the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants. However, due to the receivership of the Company and changes in management, certain underlying books and records of the Group were either lost, or could not be located and hence, the extent of work of the Current Directors were limited to those company books and records passed to them by the Former Directors and the Receivers (as defined in the Composite Document) (who resigned as receivers of the Company on 17 May 2002) of the Company. The Current Directors disclaim any liabilities on the financial statements of the Group for the period under review and the information of the Group disclosed in this report for reasons which included the significance of the possible effects of the following limitations:

- (i) incomplete books and records of the Group;
- (ii) matters which prevented the Current Directors from satisfying themselves concerning the former directors (including the Former Directors) and/or the Receivers; and
- (iii) matters which prevented the Current Directors from satisfying themselves concerning the business of the Group which were handled by the former directors (including the Former Directors) including, without limitation, information on the share option scheme previously adopted by the Company.

Because of the significance of the above matters, the Current Directors were unable to satisfy themselves as to whether the financial and other information of the Group contained in this report are complete and accurate.

Future Prospects

Trading in the shares of the Company was suspended since 12 February 2001 and was resumed on 7 June 2002.

Upon completion of the Group Restructuring, the Company will remain focused on the Group's core business of manufacturing and development of telecommunication products. With the injection of Electronic Sales Limited (the principal activities of which are the manufacturing of switching mode and linear mode power supplies) and a new management team, the Group has now maintained a steady stream of revenue and cash flows. The Group's businesses have been revitalised and have strong prospects.

In June 2002, the Company placed 1,780 million shares and successfully raised approximately HK\$17.3 million for the Company. In July 2002, the Company has further placed convertible notes in an aggregate principal amount of HK\$20 million and successfully raised another approximately HK\$19.2 million for the Company. The total funds raised of approximately HK\$36.5 million will be used for the operation and expansion of the Group.

The Current Directors has already implemented sufficient internal controls in the Group. The Group is now operating under a healthy environment with a significant reduction of its financial burden, with a total cash balance of approximately HK\$56 million (after completion of the placing of shares in June 2002 and the placing of convertible notes in July 2002) as compared with the total indebtedness of approximately HK\$156 million (almost all of which have been released and discharged under the Restructuring Agreements and the Company's Scheme upon completion of the Group Restructuring on 17 May 2002) as at 31 March 2001.

FINANCIAL REVIEW

Financial Highlights

Pursuant to the terms of a composite guarantee and debenture dated 21 July 2000 granted by the Company to its secured creditors, receivers were appointed to the Company with effect from 12 March 2001. Since then, the production of the Group has been suspended pending an implementation of a restructuring of the Company.

Turnover for the period under review was approximately HK\$84 million (31 December 1999: HK\$257 million). The Group's net loss for the period under review was approximately HK\$38 million (31 December 1999: HK\$48 million). Information in respect of the reasons for the fluctuation of the Group's turnover and net loss for the period under review as compared with last period is not available.

Segment Information

Analysis by Business Segments

The Group is mainly engaged in the manufacture and sale of telecommunications products. During the period under review, turnover and operating loss derived from the manufacture and sale of telecommunications products was amounted to approximately HK\$84 million and HK\$16 million respectively. Information in respect of the reasons for the fluctuation of the Group's turnover and operating loss by business segments for the period under review as compared with last period is not available.

Analysis by Geographical Segments

No analysis of the Group's segment revenue and results for the period under review by geographical market has been presented as the information is not available.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the period under review.

Liquidity and Financial Resources

The total indebtedness of the Group was approximately HK\$156 million as at 31 March 2001. Since there was a negative equity as at 31 March 2001, the calculation of a gearing ratio is not applicable.

In respect of the total indebtedness of approximately HK\$156 million as mentioned above, almost all of the amounts were released and discharged under the Restructuring Agreements and the Company's Scheme upon completion of the Group Restructuring on 17 May 2002. Further, the Group's cash position was increased from approximately HK\$7.7 million as at 31 March 2001 to approximately HK\$56 million after completion of the Restructuring Agreements as well as the subsequent placing of shares and convertible notes in June and July 2002 respectively. The Group's liquidity has returned to a healthy position.

Information in respect of the capital commitment of the Group as at 31 March 2001 is not available. After the Group Restructuring, funding for the Group's existing operation and future expansion will primarily be sourced internally within the Group and from the placing of shares and convertible notes in June and July 2002.

Treasury Management

Information in respect of the followings is not available:

- Denomination of the Group's cash and borrowings as at 31 March 2001;
- Extent of exposure of the Group to any significant foreign currency as at 31 March 2001;
- Extent of exposure of the Group to any interest rate risk as at 31 March 2001; and
- Whether there were any financial instruments used for hedging purposes as at 31 March 2001.

With a new management team, the Group now maintains a conservative approach to cash management and risk controls and all treasury activities are centralised.

Significant Investments

During the period under review, the Group did not have any significant investments held.

Acquisition and Disposal of Subsidiaries and Associated Companies

Information in respect of material acquisition and disposal of subsidiaries and associated companies by the Group for the period under review is not available.

Employees and Remuneration Policies

Information in respect of the number of employees in the Group as at 31 March 2001 is not available. However, subsequent to the appointment of the Receivers, most of the employment contracts with the Group's employees have been terminated.

Following the completion of the Group Restructuring and the injection of Electronic Sales Limited, the number of employees of the Group has increased to over 1,000. Remuneration packages are normally reviewed annually.

Pledge of Assets

The Group's freehold land and buildings with net book value of approximately HK\$14.7 million (30 September 2000: investment properties and land and buildings and certain furniture, fixtures and equipment with an aggregate net book value of HK\$60.7 million) were pledged to secure the general credit facilities granted to the Group.

Contingent Liabilities

Information in respect of the Group's contingent liabilities as at 31 March 2001 is not available.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of CCT Technology Holdings Limited (the “Company”, formerly known as Wireless InterNetworks Limited) (the “Board”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 March 2001 as follows:

Condensed Consolidated Income Statement For the six months ended 31 March 2001

		Six months ended	
		31 March 2001	31 December 1999
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	5	83,768	256,882
COST OF SALES		(95,073)	(256,795)
		(11,305)	87
Other revenue		4,151	22,094
Selling and administrative expenses		(23,377)	(44,738)
Allowances for bad and doubtful debts		(4,675)	(1,320)
Other operating expenses		–	(3,789)
LOSS FROM OPERATIONS	5 & 6	(35,206)	(27,666)
Finance costs	7	(2,628)	(19,952)
Allowances for amounts due from an associate		(189)	–
Share of results of associates		–	(13)
LOSS BEFORE TAXATION		(38,023)	(47,631)
TAXATION	8	–	–
NET LOSS FOR THE PERIOD		(38,023)	(47,631)
DIVIDEND	9	–	–
LOSS PER SHARE – basic and diluted	10	(6.11 cents)	(48.86 cents)

There were no recognised gains or losses other than the net loss for the period.

Condensed Consolidated Balance Sheet
As at 31 March 2001

		31 March 2001	30 September 2000
		(Unaudited)	(Audited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		–	18,000
Property, plant and equipment		80,608	110,273
Other investments		368	368
		<u>80,976</u>	<u>128,641</u>
CURRENT ASSETS			
Inventories		23,438	58,861
Trade and other receivables	11	–	15,984
Time deposits		–	5,864
Bank balances and cash		7,657	3,331
		<u>31,095</u>	<u>84,040</u>
CURRENT LIABILITIES			
Trade and other payables	12	90,013	117,204
Amount due to an associate		3,765	–
Obligations under hire purchase contracts		360	380
Convertible notes	13	46,710	50,992
Bank and other borrowings	14	14,657	55,977
		<u>155,505</u>	<u>224,553</u>
NET CURRENT LIABILITIES		<u>(124,410)</u>	<u>(140,513)</u>
		<u>(43,434)</u>	<u>(11,872)</u>
CAPITAL AND RESERVES			
Share capital	15	127,681	120,694
Reserves	16	(171,115)	(132,566)
		<u>(43,434)</u>	<u>(11,872)</u>

Condensed Consolidated Cash Flow Statement
For the six months ended 31 March 2001

Six months ended
31 March 2001
(Unaudited)
HK\$'000

Net cash outflow from operating activities	(4,628)
Net cash outflow from returns on investments and servicing of finance	(765)
Net cash inflow from investing activities	41,430
Net cash inflow before financing	36,037
Net cash outflow from financing	(37,575)
Decrease in cash and cash equivalents	(1,538)
Cash and cash equivalents at beginning of the period	9,195
Cash and cash equivalents at end of the period, represented by bank balances and cash	7,657

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated as an exempted company in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The trading in the shares of the Company on the Stock Exchange was suspended on 12 February 2001. Following the completion of the Group Restructuring (as defined in note 2 below), the trading in the shares of the Company on the Stock Exchange was resumed on 7 June 2002.

During the fifteen months ended 30 September 2000, the Company changed its financial year end date from 30 June to 30 September effective from the year 2000. The corresponding amounts shown in the condensed consolidated income statement and condensed consolidated balance sheet, together with the related notes, cover the results of the Group for the six months ended 31 December 1999 and the financial position of the Group as at 30 September 2000, respectively. Accordingly, the income statement for the six months ended 31 December 1999 may not be comparable to that for the six months ended 31 March 2001.

Pursuant to a special resolution passed by the shareholders of the Company at a special general meeting (the “Special General Meeting”) held on 24 April 2002, the name of the Company was changed from Wireless InterNetworks Limited to CCT Technology Holdings Limited effective from 22 May 2002. Upon the change of name of the Company, the Chinese translation of the Company for identification purposes was changed from 浩宇科技有限公司 to 中建科技集團有限公司.

On 30 December 2000, Mr. Minoru Kurabayashi, Mr. Fang Wei Chang William and Mr. Huang Peir Kuen, the former independent non-executive directors of the Company, retired as directors of the Company. On 4 June 2001, the Company announced the appointment of Mr. Gerald Clive Dobby and Mr. Wu Sai Wing as independent non-executive directors of the Company and the removal of Mr. Leung Ho Man, Paul as an executive director and the chairman of the Company.

On 17 May 2002, the Board appointed Mr. Mak Shiu Tong Clement, Ms. Cheng Yuk Ching Flora and Mr. Tam Ngai Hung as executive directors of the Company and Mr. Lau Ho Kit Ivan and Mr. Chow Siu Ngor as independent non-executive directors of the Company. Mr. Mak Shiu Tong Clement, Ms. Cheng Yuk Ching Flora, Mr. Tam Ngai Hung, Mr. Lau Ho Kit Ivan and Mr. Chow Siu Ngor were collectively referred to as the “Current Directors”.

On the same date, the Board accepted the resignation of Mr. Gerald Clive Dobby and Mr. Wu Sai Wing as independent non-executive directors of the Company and Mr. Leung Howard as an executive director of the Company. Mr. Gerald Clive Dobby, Mr. Wu Sai Wing and Mr. Leung Howard were collectively referred to as the “Former Directors”.

2. COMPLETION OF THE GROUP RESTRUCTURING

In July 2000, the Group has successfully implemented the Financial Restructuring#, details of which are described in note 2 to the audited financial statements of the Company for the fifteen months ended 30 September 2000 (the “2000 Audited Financial Statements”) contained in the composite document (the “Composite Document”) of the Company, CCT Telecom Holdings Limited (“CCT”) and Dongguan Defa Investment Limited (“Defa”) dated 31 March 2002.

Details of the appointment of Receivers#, the Company’s Scheme# and the Restructuring Proposal# are described in notes 2 and 4 to the audited financial statements of the Company for the year ended 30 September 2001 (the “2001 Audited Financial Statements”) contained in the Composite Document.

At a hearing held on 25 March 2002, The High Court of Hong Kong granted a sanction to the Company’s Scheme.

The announcement of the Company dated 24 April 2002 reported that:

- (a) On 5 April 2002, the Bermuda Monetary Authority granted its approval for:
- the issue of the new shares which were issued and allotted under the Restructuring Agreements#, the transfer of assets and shares in S. Megga Telecommunications Limited (“S. Megga Telecom”, a former wholly-owned subsidiary of the Company) and the S. Megga’s Scheme#;
 - the issue of the New Notes (as defined in the Composite Document); and
 - the issue of the new shares falling to be issued on the conversion of the New Notes.
- (b) In the Special General Meeting, the then shareholders of the Company passed each of the resolutions set out in the notice of the Special General Meeting (the “SGM Notice”) contained in the Composite Document by the requisite majorities on 24 April 2002.

The announcement of the Company dated 7 May 2002 reported that the Company has received written resolutions (the “Written Resolutions”) signed by the 3 & 7 Years Noteholders# representing the majority of the 3 Years Convertible Notes and 7 Years Convertible Notes (collectively referred to as “3 & 7 Years Convertible Notes”) and accordingly, the 3 & 7 Years Noteholders have therefore approved the debt restructuring of the 3 & 7 Years Convertible Notes as described in note 4(e)I to the 2001 Audited Financial Statements by the requisite majorities.

The announcement of the Company dated 17 May 2002 reported that all the conditions precedent under the Restructuring Agreements have been fulfilled and that completion of the restructuring of the Group (the “Group Restructuring”) took place on 17 May 2002. In addition, the effective date for each of the Capital Reduction#, the Share Consolidation# and the increase of authorised share capital of the Company to HK\$150,000,000 was 17 May 2002 (note 15(b)(i), (ii) and (iii)).

The Receivers resigned on 17 May 2002.

Immediately after the completion of the Group Restructuring, CCT and Defa became the substantial shareholders of the Company.

Terms used in this interim financial report have the same meaning as those defined in the 2000 Audited Financial Statements and the 2001 Audited Financial Statements.

3. BASIS OF PREPARATION OF INTERIM FINANCIAL REPORT

Despite the deficiency of shareholders’ funds of HK\$43,434,000 and the net current liabilities of HK\$124,410,000, following the completion of the Group Restructuring on 17 May 2002 as described in note 2 above, the productions and businesses of the Group have been reactivated and the financial difficulties of the Group resolved, and the condensed consolidated financial statements are prepared on a going concern basis.

As explained under the section headed “Financial results for the period under review and information in this report” in the “Chairman’s letter” in this report, although the Current Directors have used their best endeavours to relocate all the financial and business records of the Group as all the former directors (including the Former Directors) of the Company, former senior management and former accounting personnel of the Group have left the Group, the Current Directors have been unable to locate sufficient documentary information to satisfy themselves regarding the matters described below and accordingly, disclaim any responsibilities and liabilities that may arise therefrom.

- (a) As explained in details in the 2000 Audited Financial Statements, the Former Directors were unable to satisfy themselves regarding the treatment of various balances of the Group as at 30 September 2000. Accordingly, the Current Directors have been unable to satisfy themselves that the assets and liabilities of the Group as at that date were fairly stated. Any adjustments to the opening balances of the condensed consolidated financial statements of the Group as at 1 October 2000 would affect the results of the Group for the six months ended 31 March 2001. Also the comparative figures in respect of the net liabilities of the Group as at 30 September 2000 shown on the condensed consolidated balance sheet may not be comparable with the figures as at 31 March 2001.

(b) The Current Directors have been unable to satisfy themselves as to whether the following amounts included in the condensed consolidated income statement of the Group for the six months ended 31 March 2001 are free from material misstatement:

- Turnover of HK\$83,768,000;
- Cost of sales of HK\$95,073,000;
- Other revenue of HK\$4,151,000;
- Selling and administrative expenses of HK\$23,377,000;
- Allowances for bad and doubtful debts of HK\$4,675,000;
- Finance costs of HK\$2,628,000;
- Allowances for amounts due from an associate of HK\$189,000; and
- Taxation (including deferred taxation) with nil amount.

The Current Directors have been unable to satisfy themselves as to whether the following amounts included in the condensed consolidated balance sheet as at 31 March 2001 are free from material misstatement:

- Property, plant and equipment of HK\$80,608,000;
- Other investments of HK\$368,000;
- Inventories of HK\$23,438,000;
- Bank balances and cash of HK\$7,657,000;
- Trade and other payables of HK\$90,013,000;
- Amount due to an associate of HK\$3,765,000;
- Obligations under hire purchase contracts of HK\$360,000;
- Convertible notes of HK\$46,710,000; and
- Bank and other borrowings of HK\$14,657,000.

(c) The Current Directors are unable to represent as to the completeness of recording of the transactions entered into by the Group for the period from 1 October 2000 to 31 March 2001 and of the completeness of disclosure of claims, commitments, contingent liabilities, pledge of assets and related party transactions and balances in the condensed consolidated financial statements as at 31 March 2001.

4. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties.

The condensed consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 “Interim financial reporting” (“SSAP 25”) issued by the Hong Kong Society of Accountants, except that the comparative figures are not presented either for the statement of recognised gains and losses or for the first cash flow statement to be included in the interim financial report relating to the accounting period ended on or after 1 July 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on the Stock Exchange.

5. SEGMENT INFORMATION

	Six months ended 31 March 2001	
	Turnover	Contribution to loss from operations
	<i>HK\$'000</i>	<i>HK\$'000</i>
By business segments		
Manufacture and sale of telecommunications products	83,571	(15,791)
Others	197	(189)
	83,768	(15,980)
Other revenue		4,151
Selling and administrative expenses		(23,377)
Loss from operations		(35,206)

No analysis of the Group’s turnover and contribution to loss from operations for the six months ended 31 December 1999 by business segments has been presented as the information is not available.

By geographical segments

No analysis of the Group’s turnover and contribution to loss from operations for the six-month periods ended 31 March 2001 and 31 December 1999 by geographical segments has been presented as the information is not available.

6. LOSS FROM OPERATIONS

During the period, depreciation and amortisation of HK\$1,473,000 was charged in respect of the Group's property, plant and equipment.

No financial information in respect of depreciation and amortisation for the six months ended 31 December 1999 has been presented as the information is not available.

7. FINANCE COSTS

	Six months ended 31 March 2001 <i>HK\$'000</i>
Amortisation of premium payable upon the final redemption of the convertible notes	2,179
Interest on bank loans and other borrowings wholly repayable within five years	446
Hire purchase charges	3
Total finance costs	<u>2,628</u>

No financial information in respect of finance costs for the six months ended 31 December 1999 has been presented as the information is not available.

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no estimated assessable profits for the period.

9. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 31 March 2001 and 31 December 1999.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the six months ended 31 March 2001 of HK\$38,023,000 (six months ended 31 December 1999: HK\$47,631,000) and on weighted average number of 622,015,696 shares (six months ended 31 December 1999: 97,480,936 shares) in issue, adjusted for the effect of the Share Consolidation as described in note 15(b) in accordance with the requirement of paragraph 42 of SSAP 5 “Earnings Per Share”.

The computation of diluted loss per share for the six months ended 31 March 2001 and 31 December 1999 has not assumed the exercise of the convertible notes as their exercise would be anti-dilutive.

11. TRADE AND OTHER RECEIVABLES

No aged analysis in respect of trade and other receivables as at 30 September 2000 has been presented as the information is not available.

12. TRADE AND OTHER PAYABLES

No aged analysis in respect of trade and other payables as at 31 March 2001 and 30 September 2000 has been presented as the information is not available.

13. CONVERTIBLE NOTES

	31 March 2001			30 September 2000			
	3 Years	7 Years	Total	3 Years	7 Years	Swiss	Total
	Convertible	Convertible		Convertible	Convertible	Notes	
	Notes	Notes	Notes	Notes	Notes	Notes	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance of convertible notes brought forward	49,802	24,743	74,545	-	-	162,690	162,690
Issurance of new convertible notes to Swiss Noteholders	-	-	-	24,709	12,354	(37,063)	-
Issuance of new convertible notes to Bank Creditors of the Company	-	-	-	34,706	17,353	-	52,059
Issuance of shares to Swiss Noteholders	-	-	-	-	-	(125,627)	(125,627)
Amortisation of premium payable upon the final redemption of the convertible notes during the period/year	1,620	559	2,179	1,016	350	-	1,366
Conversion during the period/year	(6,351)	(3,176)	(9,527)	(10,629)	(5,314)	-	(15,943)
Balance of convertible notes carried forward	45,071	22,126	67,197	49,802	24,743	-	74,545
Less: Conversion option credited to conversion option reserve during the period/year	(11,879)	(11,674)	(23,553)	(14,467)	(14,218)	-	(28,685)
Reversal of conversion option reserve upon the conversion of convertible notes into shares in the Company during the period/year	1,547	1,519	3,066	2,588	2,544	-	5,132
	(10,332)	(10,155)	(20,487)	(11,879)	(11,674)	-	(23,553)
Total liability of the convertible notes	34,739	11,971	46,710	37,923	13,069	-	50,992
Principal value of convertible notes outstanding as at end of the period/year	42,435	21,217	63,652	48,786	24,393	-	73,179

- (a) The 3 Years Convertible Notes are non-interest bearing and may be converted, at the option of the holders, into shares of HK\$0.02 each in the Company at the conversion price of HK\$0.02 per share, subject to customary adjustments, at any time during the period commencing on 21 July 2000 and ending 10 business days before 21 July 2003. Unless previously converted in accordance with the terms of the 3 Years Convertible Notes, the Company will redeem the 3 Years Convertible Notes at their principal outstanding amount on the third anniversary of their issue date.

During the six month period ended 31 March 2001, holders of approximately HK\$6,351,000 3 Years Convertible Notes exercised their rights to convert into 317,569,800 shares of HK\$0.02 each in the Company.

- (b) The 7 Years Convertible Notes are non-interest bearing and may be converted, at the option of the holders, into shares of HK\$0.02 each in the Company at the conversion price of HK\$0.10 per share, subject to customary adjustments, at any time during the period commencing on 21 July 2000 and ending 10 business days before 21 July 2007. Unless previously converted in accordance with the terms of the 7 Years Convertible Notes, the 7 Years Convertible Notes will be mandatory converted into shares of HK\$0.02 each in the Company at a conversion price of HK\$0.10 per share on the seventh anniversary of their issue date.

During the six months ended 31 March 2001, holders of approximately HK\$3,176,000 7 Years Convertible Notes exercised their rights to convert into 31,755,840 shares of HK\$0.02 each in the Company.

All of the 3 Years Convertible Notes and 7 Years Convertible Notes were fully released and discharged under the Restructuring Agreements upon completion of the Group Restructuring on 17 May 2002.

14. BANK AND OTHER BORROWINGS

	31 March 2001 <i>HK\$'000</i>	30 September 2000 <i>HK\$'000</i>
Bank and other borrowings, which are repayable within one year, comprise:		
Bank loans	2,177	48,177
Other loans	12,480	7,800
	<u>14,657</u>	<u>55,977</u>
Analysed as:		
Secured	2,177	48,177
Unsecured	12,480	7,800
	<u>14,657</u>	<u>55,977</u>

15. SHARE CAPITAL

	Number of ordinary shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.02 each		
Authorised		
At 1 October 2000 and 31 March 2001	<u>10,000,000,000</u>	<u>200,000</u>
Issued and fully paid		
At 1 October 2000	6,034,709,981	120,694
Shares issued upon conversion of 3 Years Convertible Notes and 7 Years Convertible Notes (note (a) below)	<u>349,325,640</u>	<u>6,987</u>
At 31 March 2001	<u>6,384,035,621</u>	<u>127,681</u>

- (a) During the six months ended 31 March 2001, the holders of 3 Years Convertible Notes and 7 Years Convertible Notes with subscription rights of approximately HK\$6,351,000 and HK\$3,176,000, respectively, had exercised their rights, resulting in the issue of 317,569,800 shares and 31,755,840 shares of HK\$0.02 each in the Company at a price of HK\$0.02 per share and HK\$0.10 per share, respectively.

All the new shares rank pari passu with the then existing shares of the Company in all respects.

- (b) Upon completion of the Group Restructuring and with effective from 17 May 2002, the Company's share capital was restructured by way of the Capital Reduction, the Share Consolidation and the increase of the authorised share capital of the Company as follows:

(i) Capital Reduction

The par value of each of the issued then existing shares (the "Existing Shares") was reduced by HK\$0.019 to HK\$0.001 and each of the unissued Existing Shares was subdivided into 20 shares of HK\$0.001 each. The Company's issued share capital of HK\$127,680,712 comprising 6,384,035,621 Existing Shares of HK\$0.02 each was reduced by HK\$121,296,677 to HK\$6,384,035 comprising 6,384,035,621 reduced shares of HK\$0.001 each (the "Reduced Shares").

(ii) Share Consolidation

Immediately upon the Capital Reduction became effective, every 10 Reduced Shares were consolidated into 1 new share of HK\$0.01 each (the "New Share"). The issued share capital of the Company comprising 6,384,035,621 Reduced Shares was consolidated into 638,403,562 New Shares.

(iii) Increase of authorised share capital (the "Authorised Share Capital Increase")

Immediately upon the Share Consolidation became effective, the Company's authorised share capital was increased from HK\$78,703,323 to HK\$150,000,000 divided into 15,000,000,000 New Shares. As a result, the new authorised share capital comprises 638,403,562 issued New Shares and 14,361,596,438 unissued New Shares immediately upon the Authorised Share Capital Increase became effective, but prior to the issue and allotment of any New Shares.

- (c) On 17 May 2002, the Company allotted and issued 4,500,000,000 New Shares, 2,000,000,000 New Shares, 1,820,000,000 New Shares and 100,000,000 New Shares to CCT (including the subsidiaries of CCT), Defa, the 3 & 7 Years Noteholders and S.Megga Telecom, respectively under the terms of the Restructuring Agreements.
- (d) On 17 June 2002, the Company allotted and issued 1,780,000,000 New Shares to Jade Assets Company Limited, a subsidiary of CCT, under a subscription agreement dated 5 June 2002 for a net proceed of approximately HK\$17,300,000. The net proceeds will be used for research and development purpose and to provide additional working capital for the Group. The shares were issued pursuant to the general mandate to allot, issue and deal with shares granted to the directors by a resolution of the then shareholders of the Company at the Special General Meeting.
- (e) By an ordinary resolution passed by the Company on 9 July 2002, the authorised share capital of the Company was further increased from HK\$150,000,000 to HK\$300,000,000 by the creation of an additional 15,000,000,000 New Shares.

16. RESERVES

	Share Contributed premium	Capital surplus	Conversion option reserve	Property revaluation reserve	Deficit	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 October 2000	731,190	34,600	47,926	23,553	20,176	(990,011)	(132,566)
Premium on issue of shares	2,540	-	-	-	-	-	2,540
Transfer	-	-	-	-	(20,176)	20,176	-
Reversal of conversion option reserve upon the conversion of the convertible notes into shares	-	-	-	(3,066)	-	-	(3,066)
Loss for the period	-	-	-	-	-	(38,023)	(38,023)
At 31 March 2001	<u>733,730</u>	<u>34,600</u>	<u>47,926</u>	<u>20,487</u>	<u>-</u>	<u>(1,007,858)</u>	<u>(171,115)</u>

Upon completion of the Group Restructuring on 17 May 2002, the entire credit balance arising from the Capital Reduction of HK\$121,296,677 (as mentioned in note 15(b)(i) above) was applied to write-off part of the deficit of the Company.

17. POTENTIAL DEFERRED TAXATION

No financial information in respect of the potential deferred taxation as at 31 March 2001 and 30 September 2000 has been presented as the information is not available.

18. PLEDGE OF ASSETS

The Group's freehold land and buildings with net book value of approximately HK\$14,754,000 (30 September 2000: investment properties and land and buildings and certain furniture, fixtures and equipment with an aggregate net book value of HK\$60,754,000) were pledged to secure the general credit facilities granted to the Group.

19. CONTINGENT LIABILITIES

No financial information in respect of contingent liabilities, including long service payments, as at 31 March 2001 and 30 September 2000 has been presented as the information is not available.

20. COMMITMENTS

No financial information in respect of commitments as at 31 March 2001 and 30 September 2000 has been presented as the information is not available.

21. RELATED PARTY TRANSACTIONS AND BALANCES

No financial information in respect of related party transactions for the six months ended 31 March 2001 and 31 December 1999 and balances as at 31 March 2001 and 30 September 2000 has been presented as the information is not available.

INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF CCT TECHNOLOGY HOLDINGS LIMITED (Formerly known as Wireless InterNetworks Limited)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 7 to 22.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim financial reporting" ("SSAP 25") issued by the Hong Kong Society of Accountants and the relevant provisions thereof. However, the Listing Rules permit departures from SSAP 25 in that comparative figures are not required either for the statement of recognised gains and losses or for the first cash flow statement to be included in the interim financial report relating to accounting periods ended on or after 1 July 2000. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" ("SAS 700") issued by the Hong Kong Society of Accountants, except that the scope of our review was limited as explained below.

A review consists principally of making enquires of group management and applying analytical procedures to the interim financial report and based thereon, assessing

whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

The scope of our review was limited as set out below.

- (a) Our auditors' report on the financial statements of the Group for the fifteen months ended 30 September 2000 was disclaimed in view of the pervasive nature of the limitations on the scope of our audit resulting from the inability of the Former Directors (as defined in note 1 to the condensed consolidated financial statements) to locate sufficient documentary information as explained in note 3(a) to the condensed consolidated financial statements. Accordingly, we were unable to form an opinion as to whether the assets and liabilities of the Group as at 30 September 2000 were fairly stated. Any adjustments to the opening balances as at 1 October 2000 would affect the results of the Group for the six months ended 31 March 2001.
- (b) As explained in note 3(b) to the condensed consolidated financial statements, the Current Directors (as defined in note 1 to the condensed consolidated financial statements) have been unable to satisfy themselves as to whether the following amounts included in the condensed consolidated income statement of the Group for the six months ended 31 March 2001 are free from material misstatement:
- Turnover of HK\$83,768,000;
 - Cost of sales of HK\$95,073,000;
 - Other revenue of HK\$4,151,000;
 - Selling and administrative expenses of HK\$23,377,000;
 - Allowances for bad and doubtful debts of HK\$4,675,000;
 - Finance costs of HK\$2,628,000;
 - Allowances for amounts due from an associate of HK\$189,000; and
 - Taxation (including deferred taxation) with nil amount.

The Current Directors have been unable to satisfy themselves as to whether the following amounts included in the condensed consolidated balance sheet as at 31 March 2001 are free from material misstatement:

- Property, plant and equipment of HK\$80,608,000;
- Other investments of HK\$368,000;
- Inventories of HK\$23,438,000;
- Bank balances and cash of HK\$7,657,000;
- Trade and other payables of HK\$90,013,000;
- Amount due to an associate of HK\$3,765,000;
- Obligations under hire purchase contracts of HK\$360,000;
- Convertible notes of HK\$46,710,000; and
- Bank and other borrowings of HK\$14,657,000.

- (c) As explained in note 3(c) to the condensed consolidated financial statements, the Current Directors are unable to represent as to the completeness of recording of transactions entered into by the Group for the period from 1 October 2000 to 31 March 2001 and of the completeness of disclosure of claims, commitments and contingent liabilities, pledge of assets and related party transactions and balances in the condensed consolidated financial statements as at 31 March 2001.

There were no other satisfactory review procedures that we could adopt to satisfy ourselves as to the matters set out in paragraphs (a), (b) and (c) above. Any adjustment to the above amounts would affect the net liabilities of the Group as at 31 March 2001, the results and cash flows of the Group for the period then ended.

Inability to reach a review conclusion

Because of the significance of the possible effect of the limitations in evidence available to us as set out in the review work performed section of this report, we are not able to reach a review conclusion as to whether material modifications should be made to the interim financial report for the six months ended 31 March 2001.

Without modifying our review conclusion, we draw the following to your attention:

- the comparative condensed consolidated income statement for the six months ended 31 December 1999 disclosed in the interim financial report has not been reviewed in accordance with SAS 700; and
- as explained in note 3(a) to the condensed consolidated financial statements, the comparative figures in respect of the net liabilities of the Group as at 30 September 2000 shown on the condensed consolidated balance sheet may not be comparable with the figures as at 31 March 2001.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 12 August 2002

DISCLOSURE OF INTERESTS

Directors' Interests

The Current Directors disclaim their responsibilities on the accuracy of the information stated under this section for the reasons as detailed in the “Chairman’s Letter” of this report. So far as is known to, or can be ascertained after reasonable enquiry by, the Current Directors, as at 31 March 2001, the interests of the former directors and their respective associates in the securities of the Company and its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”)) which had been notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which were deemed or taken to have under Section 31 of, or Part I of the Schedule to, the SDI Ordinance); or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:-

Name of director	Number of shares of HK\$0.02 each held as at 31 March 2001			Approximate % of interest in the Company
	Personal	Family	Other	
Leung Ho Man Paul (removed on 4 June 2001)	2,400,000	57,148,512	141,121,280 <i>(Note)</i>	3.14
Leung Howard (resigned on 17 May 2002)	–	–	141,121,280 <i>(Note)</i>	2.21

Note: According to the disclosure made to the Company under the SDI Ordinance, the 141,121,280 shares of HK\$0.02 each in the capital of the Company as at 31 March 2001 were beneficially owned by Kit Iu Limited, the entire share capital of which was, according to that disclosure, held by the trustee of a discretionary trust whose beneficiaries included Mr. Leung Ho Man Paul, Mr. Leung Winston and Mr. Leung Howard.

Save as disclosed above and so far as is known to, or can be ascertained after reasonable enquiry by, the Current Directors, as at 31 March 2001, none of the former directors and their respective associates had any interest in any securities of the Company or any associated corporations (as defined in the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which were deemed or taken to have under Section 31 of, or Part I of the Schedule to, the SDI Ordinance); or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

Substantial Shareholder's Interests

The Current Directors disclaim their responsibilities on the accuracy of the information stated under this section for the reasons as detailed in the "Chairman's Letter" of this report. Save as disclosed below, as at 31 March 2001, so far as is known to, or can be ascertained after reasonable enquiry by, the Current Directors, there was no person who was directly or indirectly, interested in 10% or more of the nominal value of any class of the then issued share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group or had any options in respect of such issued capital as recorded in the register of interests required to be kept under Section 16(1) of the SDI Ordinance:-

Name	Number of shares of HK\$0.02 each held as at 31 March 2001	Approximate % of total shareholding
Standard Chartered Bank	1,647,680,119 (<i>Note</i>)	25.81

Note: As at 31 March 2001, these shares were registered in the name of Horsford Nominees Limited, as the nominee for Standard Chartered Bank.

As at 31 March 2001, CCT and/or its subsidiaries and/or its associates (the "CCT Group") and Defa, together with their directors and parties acting in concert with them, were not interested in the securities of the Company.

As at the date of this report (i.e. after completion of the Group Restructuring and the placing and subscription of 1,780 million shares as announced by the Company on 6 June 2002), the percentage of interests in the Company held by Standard Chartered Bank has been reduced from approximately 25.81% to approximately 13.14%. The CCT Group and Defa have become substantial shareholders of the Company holding approximately 41.52% and approximately 18.45% of the existing entire issued share capital of the Company respectively.

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

The Current Directors disclaim their responsibilities on the accuracy of the information stated under this section due to insufficient and incomplete records received from the Receivers and the Former Directors.

So far as is known to, or can be ascertained after reasonable enquiry by, the Current Directors, during the six months ended 31 March 2001, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any securities (whether on the Stock Exchange or otherwise) of the Company.

AUDIT COMMITTEE

At completion of the Group Restructuring on 17 May 2002, the Former Directors resigned and the audit committee which comprised the former directors was dismissed. Subsequently, the Current Directors were appointed and a new audit committee (the "New Audit Committee") was established on 17 May 2002 in accordance with Paragraph 14 of the Code of Best Practice as set out in Appendix 14 to the Listing Rules, comprising two current independent non-executive directors of the Company, to review with the management the accounting principles and practices adopted by the Group and to discuss financial and accounting matters. The New Audit Committee will meet at least twice a year and has written terms of reference.

The New Audit Committee had reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 31 March 2001. However, since the current independent non-executive directors of the Company were appointed on 17 May 2002 and no sufficient and complete records were received from the Receivers and the Former Directors, they are unable to satisfy themselves whether the financial information of the Group contained in this report is complete and accurate.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

As stated in the sections headed "Chairman's Letter" and "Financial Review" in respect of the latest development of the Company, the Company's production and share trading on the Stock Exchange were suspended and the Receivers of the Company were appointed on 12 March 2001. At completion of the Group Restructuring on 17 May 2002, the Receivers of the Company and the Former Directors resigned and the Current Directors were appointed.

In light of the insufficient and incomplete records obtained from the Receivers and from the previous management, the Current Directors are unable to conclude whether the Company had complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 31 March 2001. However, the Current Directors will ensure full compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules in the future.

By Order of the Board
Mak Shiu Tong Clement
Chairman

Hong Kong, 12 August 2002