CCT TECH INTERNATIONAL LIMITED

中 建 科 技 國 際 有 限 公 司

TECH INTERNATIONAL 科技

中期報告

Interim Report

For the twelve months ended 30 September 2002

截至二零零二年九月三十日

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mak Shiu Tong Clement *(Chairman)*
Tam Ngai Hung *(Deputy Chairman)*
Cheng Yuk Ching Flora
Tong Chi Hoi

Independent Non-executive Directors
Lau Ho Kit Ivan
Chow Siu Ngor

COMPANY SECRETARY

Low Pui Man Jaime

PRINCIPAL BANKERS

Nanyang Commercial Bank, Ltd.
Standard Chartered Bank

SOLICITORS

Sidley Austin Brown & Wood

AUDITORS

Ernst & Young

REGISTERED OFFICE

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

32/F China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Standard Registrars Limited
5/F Wing On Centre
111 Connaught Road Central
Hong Kong

STOCK CODE

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Financial Highlights

	Twelve months ended 30 September	
	2002	**2001**
	(Unaudited)	**(Audited)**
	HK$'000	*HK$'000*
		(Restated)
Turnover	73,017	84,183
Profit/(loss) before tax		
– Before the Group Restructuring	(17,183)	(44,953)
– Net gain attributable to the Group Restructuring	119,472	–
– After the Group Restructuring	3,506	–
	105,795	(44,953)
Profit/(loss) attributable to shareholders	104,392	(44,953)
Earnings/(loss) per share	2.43 cents	(7.13 cents)

CHAIRMAN'S LETTER

Restructuring and Reorganisation of the Group

I am pleased to report that the Group recorded a net profit of HK$104 million for the twelve months ended 30 September 2002, significantly turned around from its heavy loss-making situation throughout the past five years.

During the period, the Group underwent significant changes as a result of the restructuring of the Group in May this year (the "Group Restructuring", as detailed in note 2 to the condensed consolidated financial statements). As soon as the completion of the Group Restructuring, the financial straits of the Group were resolved immediately. Trading in the shares of the Company was resumed on 7 June 2002 after its suspension for more than fifteen months. Almost all of the previous defaulted indebtedness were fully released and discharged. New operating capital was injected into the Group by the new controlling shareholder, CCT Telecom Holdings Limited ("CCT Telecom"). All previous loss-making and heavily indebted subsidiaries were carved out from the Group. The newly injected power supplies components business is already profitable. With the leadership of the new management team, the Group immediately shifted back into a net asset position after suffering from heavy financial burdens for many years, giving a clean revival of the Group.

In November 2002, the Group was reorganised (the "Group Reorganisation", as detailed in note 3 to the condensed consolidated financial statements) to further ring-fence the liabilities unknown to the Current Directors (as defined in note (2)(i) to the condensed consolidated financial statements). As a result of the Group Reorganisation, the listing status of CCT Technology Holdings Limited ("CCT Technology") was replaced by CCT Tech International Limited and CCT Technology became a wholly-owned subsidiary of CCT Tech International Limited. The listing of shares of CCT Technology has been withdrawn with effect from 6 November 2002 and dealings in the shares of CCT Tech International Limited has commenced on 7 November 2002.

Interim Dividend

The directors do not recommend payment of an interim dividend for the twelve months ended 30 September 2002 (30 September 2001: Nil).

Presentation of this Interim Report

During the period, the Company has changed its financial year end from 30 September to 31 December, in order to be coterminous with that of its new holding company. This interim report contains the unaudited condensed consolidated results of CCT Technology and its subsidiaries for the twelve months ended 30 September 2002, as the Group Reorganisation has not become effective as at 30 September 2002.

In the following contents of the report, the word "Company" shall refer to CCT Technology and the "Group" shall refer to CCT Technology and its subsidiaries before completion of the Group Reorganisation, unless otherwise specified.

Disclaimer of the Board of Directors

The Current Directors expressly disclaim any liability on the financial and other information of the Group disclosed in this report in respect of the transactions before 17 May 2002, for the reasons detailed in note 5 to the condensed consolidated financial statements.

Current Situation and Future Development

As a brand-new start of the Group, we now focus on the manufacture of telecommunication products, including power supplies components, the business of which are brought into the Group through the acquisition of Electronic Sales Limited ("ESL") during the Group Restructuring. Under the management of the Current Directors, the Group has turned around and is already profitable due to the contribution by ESL that provides a steady stream of revenue and cash flows to the Group. Profit before tax for the period after the Group Restructuring already reached HK$3.5 million. Since this amount covers only a few months' operation after the Group Restructuring, we anticipate the results of the Group in the coming years will be even more promising and rewarding when the Current Directors totally exercise their control over the Group. Together with the results before the Group Restructuring as well as the net gain attributable to the Group Restructuring, the Group achieved a profit before tax of HK$105.8 million.

As a result of the Group Restructuring and subsequent placement of shares and convertible notes in June and July 2002, as well as the contribution from the newly injected business, the Group now has a cash balance of HK$65.4 million as at 30 September 2002, as opposed to the current liabilities of HK$160 million as at 30 September 2001.

The controlling shareholder, CCT Telecom is also one of the major customers of the Group, the core business of which is the manufacture and sale of cordless phones. CCT Telecom is now expanding due to the satisfactory growth of its business in the US and Europe markets, and in turn, the Group will also enjoy significant growth in business due to the increasing demand from CCT Telecom. We will also actively look for other opportunities to expand the Group's business with an aim to maximise the returns of our shareholders.

FINANCIAL REVIEW

Results Summary

Turnover of HK$73 million for the period was solely contributed from the operations after the completion of the Group Restructuring.

Profit before tax amounted to HK$105.80 million (30 September 2001: loss of HK$44.9 million), which can be further analysed into (i) loss before the Group Restructuring, (ii) net gain attributable to the Group Restructuring and (iii) profit after the Group Restructuring. Loss before the Group Restructuring, amounted to HK$17.2 million, was incurred by the previous management and the then receivers before the current management took over the control of the Group. Net gain attributable to the Group Restructuring, amounted to HK$119.5 million, represented mainly the write-back of debts being released and discharged and the reversal of reserves as a result of the Group Restructuring net of any related restructuring expenses. Profit after the Group Restructuring amounted to approximately HK$3.5 million. This represented operations only for a few months after the Group Restructuring that was attributable to the effective management of the new management team and the contribution from the newly acquired business of ESL.

Analysis by Business Segment

During the period, manufacture and sale of telecommunication products continued to be the major source of revenue of the Group after the Group Restructuring. The telecom products segment contributed 100% of the Group's turnover amounted to HK$73 million after the Group Restructuring. Turnover for the last period amounted to HK$84 million, recorded from the period before the appointment of the then receivers in March 2001.

Subsequent to the acquisition of ESL and the change of the management team after the Group Restructuring in May 2002, the telecom products segment, including the manufacture of power supplies components, recorded a net operating profit of HK$6.9 million (30 September 2001: loss of HK$19.2 million).

Analysis by Geographical Segment

The PRC, including Hong Kong, was the major market of the Group accounted for 97% of total turnover during the period. No analysis of turnover regarding the Group's geographical segments for the last period has been presented as the information is not available.

Liquidity and Financial Resources

Following the relief of the financial difficulties of the Group from the Group Restructuring and the raising of fund during the period, the liquidity of the Group returned to a healthy position with positive net current assets and no net debt. Almost all of the previous defaulted debts were released and discharged under the Group Restructuring. In addition, the Company raised a net proceed of approximately HK$36.5 million from the placement of shares and convertible notes in June and July 2002 respectively.

At the period end date, the Group had a cash balance of HK$65.4 million (30 September 2001: HK$7.3 million) placed in deposits, of which HK$5 million (30 September 2001: Nil) were pledged for general banking facilities. Outstanding bank loans and other borrowings amounted to only HK$2.6 million (30 September 2001: HK$14.7 million). All of these bank loans and other borrowings were arranged on a short-term basis for ordinary business of the Group and are repayable within one year. There is no material effect of seasonality on the Group's borrowing requirements.

The original outstanding convertible notes of the Group, at the beginning of the period, amounted to HK$69.4 million were fully compromised and discharged under the Restructuring Agreements. At the period end date, the total outstanding convertible notes was HK$65 million which comprised (i) non-interest bearing notes of HK$45 million due to CCT Telecom, with a conversion price of HK$0.01 per share and falling due in 2005, issued as part of the consideration for the acquisition of ESL under the Group Restructuring and (ii) interest bearing notes of HK$20 million at an interest rate of 5% per annum, with a conversion price of HK$0.01 per share and falling due in 2004, issued in July 2002 with the intention to use for capital expenditure of the Group's manufacturing operation, research and development and general working capital.

The Group was operated with a gearing ratio, calculated on the basis of the Group's total borrowings (including bank borrowings and convertible notes) over total capital employed, at 57% at the period end date. Excluding the convertible notes, the ratio of total bank borrowings to total capital is only 2.2%. Current ratio (a ratio of current assets over current liabilities) is 240%, representing a strong liquid position. A comparable gearing ratio is not available since there was a negative equity at the last period end.

As far as is known to the Current Directors, the Group had no material capital commitment at the period end date.

Capital Structure

During the period, the Company's share capital was restructured as a result of the Group Restructuring (please refer to the Company's circular dated 31 March 2002 for details). As a result, the par value of the shares of the Company was now at HK$0.01 each (30 September 2001: HK$0.02 each).

In June 2002, the Company placed 1,780,000,000 shares at the price of HK$0.01 to independent investors by a top-up placing arrangement in order to enlarge the capital base of the Company.

At the period end date, the total issued share capital of the Company was HK$108.4 million (30 September 2001: HK$127.7 million).

Treasury Management

Subsequent to the completion of the Group Restructuring, the new management of the Group adopts a conservative approach to cash management and risk controls. To achieve better risk controls and efficient fund management, the Group's treasury activities are centralised. Almost all of the Group's receipts and payments are made in Hong Kong dollars. Cash is generally placed in short term deposits denominated in Hong Kong dollars. At the period end date, all of the Group's outstanding borrowings are denominated in Hong Kong dollars which are principally made on a floating rate basis. The Group does not have any significant foreign currency or interest rate risk.

OTHER INFORMATION

Employees and Remuneration Policy

The total number of employees of the Group as at the period end date was around 1,564. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund, medical insurance and performance-related bonus. Share options may also be granted to eligible employees of the Group. There were no share options outstanding at the period end date.

Pledge of Fixed Assets

At the period end date, certain of the Group's fixed assets with a net book value of HK$7.6 million (30 September 2001: HK$14.8 million) and time deposits of HK$5 million were pledged to secure the general banking facilities granted to the Group.

Contingent Liabilities

Apart from the corporate guarantees of HK$5 million given to banks for general facilities utilised by a subsidiary of the Group, as far as is known to the Current Directors, the Current Directors are not aware of any other significant contingent liabilities at the period end date.

Significant Investment

The Group did not hold any significant investment at the period end date.

Acquisition and Disposal of Material Subsidiaries and Associates

As part of the Group Restructuring:

(i) the Company transferred its entire interest in S. Megga Telecommunications Limited and its subsidiaries to the then receivers. S. Megga Telecommunications Limited and its subsidiaries were formerly wholly-owned subsidiaries of the Company which were loss-making and in net deficit positions; and

(ii) the Company acquired the entire interest of ESL from CCT Telecom.

Details of transactions are set out in the Company's circular dated 31 March 2002.

Apart from the above, there was no acquisition and disposal of material subsidiaries and associates during the period.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of directors of CCT Tech International Limited is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the twelve months ended 30 September 2002 together with the comparative figures for the corresponding period in 2001 as follows:-

Condensed Consolidated Profit and Loss Account
For the twelve months ended 30 September 2002

		Twelve months ended 30 September	
		2002	**2001**
		(Unaudited)	**(Audited)**
	Notes	*HK$'000*	*HK$'000*
			(Restated)
TURNOVER	7	73,017	84,183
Cost of sales		(53,091)	(98,704)
Gross profit/(loss)		19,926	(14,521)
Other revenue		1,710	5,522
Selling and administrative expenses		(25,135)	(25,838)
Other operating expenses		(7,154)	(4,864)
LOSS FROM OPERATING ACTIVITIES		(10,653)	(39,701)
Net gain attributable to the Group Restructuring	9	119,472	-
Finance costs		(3,024)	(5,252)
PROFIT/(LOSS) BEFORE TAX		105,795	(44,953)
Tax	10	-	-
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		105,795	(44,953)
Minority interests		(1,403)	-
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		104,392	(44,953)
EARNINGS/(LOSS) PER SHARE	12		
Basic		2.43 cents	(7.13 cents)
Diluted		1.64 cents	N/A

Condensed Consolidated Statement of Changes in Equity
For the twelve months ended 30 September 2002

30 September 2002

	Share premium account (Unaudited) *HK$'000*	Contributed surplus (Unaudited) *HK$'000*	Capital reserve (Unaudited) *HK$'000*	Conversion option reserve (Unaudited) *HK$'000*	Property revaluation reserve (Unaudited) *HK$'000*	Accumulated losses (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
At 1 October 2001	733,730	34,600	47,926	20,487	–	(1,014,788)	(178,045)
Reserve arising from capital reduction to offset accumulated losses (note a)	–	–	–	–	–	121,297	121,297
Reversal of conversion option reserve upon the Group Restructuring (note b)	–	–	–	(20,487)	–	–	(20,487)
Reversal of reserves upon the Group Restructuring (note c)	–	(34,600)	(47,926)	–	–	–	(82,526)
Share issuing expenses	(380)	–	–	–	–	–	(380)
Profit for the period	–	–	–	–	–	104,392	104,392
At 30 September 2002	733,350	–	–	–	–	(789,099)	(55,749)

30 September 2001

	Share premium account (Audited) *HK$'000*	Contributed Surplus (Audited) *HK$'000*	Capital reserve (Audited) *HK$'000*	Conversion option reserve (Audited) *HK$'000*	Property revaluation reserve (Audited) *HK$'000*	Accumulated losses (Audited) *HK$'000*	Total (Audited) *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 of property revaluation reserve to offset accumulated losses	–	–	–	–	(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 year	–	–	–	–	–	(44,953)	(44,953)
At 30 September 2001	733,730	34,600	47,926	20,487	–	(1,014,788)	(178,045)

Notes :

a. 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 16) was applied to write-off part of the deficit of the Company.

b. Upon completion of the Group Restructuring on 17 May 2002, the entire conversion option reserve was reversed upon settlement of the previous convertible notes as at 17 May 2002.

c. Upon completion of the Group Restructuring on 17 May 2002, the contributed surplus and capital reserve were reversed due to the disposal of subsidiaries and disposal of properties, respectively.

Condensed Consolidated Balance Sheet
At 30 September 2002

	Notes	2002 (Unaudited) HK$'000	2001 (Audited) HK$'000
NON-CURRENT ASSETS			
Fixed assets	13	18,763	78,756
Intangible assets		33,263	–
Other investment		–	368
		52,026	79,124
CURRENT ASSETS			
Inventories		6,257	23,438
Trade receivables	14	42,679	–
Prepayments, deposits and other receivables		2,158	–
Pledged deposits		5,025	–
Cash and cash equivalents		60,332	7,275
		116,451	30,713
CURRENT LIABILITIES			
Trade payables	15	36,675	92,577
Accruals and other payables		7,191	3,765
Tax payables		1,968	–
Current portion of finance lease payables		–	314
Convertible notes		–	48,888
Interest-bearing bank loans and other borrowings		2,620	14,657
		48,454	160,201
NET CURRENT ASSETS/(LIABILITIES)		67,997	(129,488)
TOTAL ASSETS LESS CURRENT LIABILITIES		120,023	(50,364)
NON-CURRENT LIABILITIES			
Deferred tax		985	–
Convertible notes		65,000	–
		65,985	–
Minority interests		1,403	–
		52,635	(50,364)
CAPITAL AND RESERVES			
Issued capital	16	108,384	127,681
Reserves		(55,749)	(178,045)
		52,635	(50,364)

Condensed Consolidated Cash Flow Statement
For the twelve months ended 30 September 2002

	Twelve months ended 30 September	
	2002	**2001**
	(Unaudited)	**(Audited)**
	HK$'000	*HK$'000*
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,856	(5,784)
INVESTING ACTIVITIES	(1,706)	41,485
FINANCING ACTIVITIES	52,907	(37,621)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	53,057	(1,920)
Cash and cash equivalents at beginning of period	7,275	9,195
CASH AND CASH EQUIVALENTS AT END OF PERIOD	60,332	7,275
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	60,332	7,275

Notes:

1. GENERAL

The Company was incorporated as an exempted company in Bermuda with its shares listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The trading in the shares of the Company on the main board of the Stock Exchange was suspended on 12 February 2001 and was resumed on 7 June 2002.

Pursuant to a special resolution passed by the shareholders of the Company at a 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.

2. GROUP RESTRUCTURING

On 10 August 2001, restructuring agreements were entered into between the Company, the Company's then receivers, Standard Chartered Bank, CCT Telecom Holdings Limited ("CCT Telecom") and Dongguan Defa Investment Limited (the "Restructuring Agreements"). The restructuring of the Group pursuant to the Restructuring Agreements (the "Group Restructuring") was successfully completed on 17 May 2002 and on the same date:

(i) Mr. Mak Shiu Tong Clement, Ms. Cheng Yuk Ching Flora and Mr. Tam Ngai Hung were appointed as the executive directors of the Company and Mr. Lau Ho Kit Ivan and Mr. Chow Siu Ngor were appointed as the independent non-executive directors of the Company (these five directors were collectively referred to as the "Current Directors");

(ii) the board of the Company has accepted the resignations of each of Mr. Gerald Clive Dobby and Mr. Wu Sai Wing as the independent non-executive directors of the Company, and that of Mr. Leung Howard as the executive director of the Company (these three directors were collectively referred to as the "Former Directors"); and

(iii) the then receivers of the Company resigned.

As a result of the Group Restructuring, almost all of the previous defaulted indebtedness were fully released and discharged and all previous loss-making and heavily indebted subsidiaries were carved out from the Group. Please refer to the Company's circular dated 31 March 2002 for further details of the Group Restructuring.

3. GROUP REORGANISATION

On 5 July 2002, the Company announced its proposal for a group reorganisation (the "Group Reorganisation"), which involves an introduction of a new holding company named CCT Tech International Limited. As a result of the Group Reorganisation, the Company became a wholly-owned subsidiary of CCT Tech International Limited and the shareholders of the Company now became the shareholders of CCT Tech International Limited with the shares exchanged on an one-to-one basis, each resulting in the same respective interest as they previously interested in the Company. The listing of the shares of the Company on the main board of the Stock Exchange has been withdrawn on 6 November 2002. The shares of CCT Tech International Limited were listed on the main board of the Stock Exchange by way of introduction, and the dealing of which has commenced on 7 November 2002. The Group Reorganisation constitutes a post balance sheet event of the Group.

The Current Directors are also directors of CCT Tech International Limited. Mr. Tong Chi Hoi was appointed as executive director of CCT Tech International Limited with effect from 12 November 2002.

Please refer to the Company's circular dated 20 September 2002 for further details of the Group Reorganisation.

4. CHANGE OF FINANCIAL YEAR END DATE

In order to be coterminous with the financial year end date of the Company's ultimate holding company, the financial year end date of the Company was changed from 30 September to 31 December effective from the year 2002. Accordingly, the current financial year end will be changed from 30 September 2002 to 31 December 2002 and the current interim report cover the twelve month period from 1 October 2001 to 30 September 2002.

5. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants (the "HKSA") and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange.

Due to the earlier receivership of the Company and the changes in management during the period, 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 on 17 May 2002 by the Former Directors and the then receivers of the Company. Although the Current Directors have used their best endeavours to locate 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.

(a) As explained in details in the audited financial statements of the Group for the year ended 30 September 2001, the Former Directors were unable to satisfy themselves regarding the treatment of various balances of the Group as at 30 September 2001. 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 2001 would affect the results of the Group for the twelve months ended 30 September 2002. Also the comparative figures in respect of the net liabilities of the Group as at 30 September 2001 shown in the condensed consolidated balance sheet may not be comparable with the figures as at 30 September 2002.

(b) The Current Directors have been unable to satisfy themselves as to the completeness of the related party transactions disclosed in the condensed consolidated financial statements for the tweleve months ended 31 September 2002 and whether the following amounts included in the condensed consolidated income statement of the Group for the period from 1 October 2001 to 17 May 2002 are free from material misstatement:

- Turnover with nil amount;
- Cost of sales with nil amount;
- Other revenue of HK$2,238,000;
- Selling and administrative expenses of HK$10,088,000;
- Net gain attributable to Group Restructuring of HK$119,472,000;
- Finance costs of HK$2,179,000;
- Tax (including deferred tax) with nil amount; and
- Minority interests with nil amount.

(c) S. Meggatel Sdn. Bhd, a 70% owned subsidiary of the Group, was incorporated in Malaysia by the former management of the Group and was inherited to the Current Directors after the Group Restructuring. As far as is known to the Current Directors, this subsidiary has borrowings of approximately HK$2.5 million at the period end date and has been dormant for years. This subsidiary also has land and buildings with an estimated value in excess of the amount of the borrowings. In order to focus on it's core business, the Group is now actively looking into opportunities to divest its investment in this subsidiary.

Up to the date of these financial statements, the Current Directors were unable to procure the minority shareholder of this subsidiary to make available complete books and records for the preparation of the Group's condensed consolidated financial statements. The Current Directors are unable to represent that all transactions entered into in the name of this subsidiary have been included in the condensed consolidated financial statements. To the extent possible, the Current Directors have, in determination of the Group's assets and liabilities, taken such steps that they consider practicable to establish the assets and liabilities of this subsidiary based on information of which they were aware, and have made provisions and adjustments they considered appropriate in the preparation of these financial statements.

(d) Against the background described above, the Current Directors have been unable to satisfy themselves that the results and cash flows of the Group for the twelve months ended 30 September 2001 shown as comparative figures to the condensed consolidated income statement and the condensed consolidated cash flow statement respectively are comparable with the figures for the current period.

6. PRINCIPAL ACCOUNTING POLICES / ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The condensed consolidated financial statements have been prepared in accordance with SSAP 25 "Interim Financial Reporting" and the principal accounting policies and basis of preparation used in the interim financial statements are as those used in the annual financial statements for the year ended 30 September 2001, except the following new/revised SSAPs and Interpretations.

SSAP 1 (Revised):	“Presentation of Financial Statements”
SSAP 9 (Revised):	“Events after the Balance Sheet Date”
SSAP 11 (Revised):	“Foreign Currency Translation”
SSAP 14 (Revised):	“Leases”
SSAP 15 (Revised):	“Cash Flow Statements”
SSAP 18 (Revised):	“Revenue”
SSAP 26:	“Segment Reporting”
SSAP 28:	“Provisions, Contingent Liabilities and Contingent Assets
SSAP 29:	“Intangible assets”
SSAP 30:	“Business Combinations”
SSAP 31:	“Impairment of assets”
SSAP 32:	“Consolidated financial statements and accounting for investments in subsidiaries”
SSAP 33:	“Discontinuing Operations”
SSAP 34:	“Employee Benefits”
Interpretation 12:	“Business combinations - subsequent adjustment of fair values and goodwill initially reported”
Interpretation 13:	“Goodwill - continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves”

A summary of their major effects is as follows:

SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The main revision to this SSAP is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 9 (Revised) prescribes which type of events occurring after the balance sheet date require adjustment to the financial statements, and which require disclosure, but no adjustment. The revisions to this SSAP have had no major impact on these condensed consolidated financial statements.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of this revised SSAP on the condensed consolidated financial statements is that the profit and loss account of subsidiaries and associates operating in Mainland China and overseas are translated at an average rate for the period on consolidation, rather than translated at the applicable rates of exchange ruling at the balance sheet date as was previously required. This SSAP is required to be applied retrospectively. The Group has adopted the transitional provision of this SSAP that where the calculation of a prior year adjustment is impractical, these changes in policy are applied only to current and future financial statements and the effect on the results of the current period is not significant.

SSAP 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. Certain amendments have been made to the previous accounting measurement treatments, which may be accounted for retrospectively or prospectively, in accordance with the requirements of the SSAP. The revised SSAP requirements have not had a material effect on the amounts previously recorded in the financial statements, therefore no prior year adjustment has been required. The disclosure changes under this SSAP have resulted in changes to the detailed information disclosed for operating leases, which are further detailed in notes 18 to the condensed consolidated financial statements.

SSAP 15 (Revised) prescribes the provision of information about the historical changes in cash and cash equivalents by means of a cash flow statement which classifies cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 18 (Revised) prescribes the recognition of revenue and was revised as a consequence of the revision to SSAP 9 described above. The revisions to this SSAP have had no major impact on these condensed consolidated financial statements.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assesses whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format. The impact of this SSAP is the inclusion of significant additional segment reporting disclosures which are set out in note 7 to the condensed consolidated financial statements.

SSAP 28 prescribes the recognition criteria and measurement bases to apply to provisions, contingent liabilities and contingent assets, together with the required disclosures in respect thereof. This SSAP has had no major impact on these condensed consolidated financial statements.

SSAP 29 prescribes the recognition and measurement criteria for intangible assets, together with the disclosure requirements. The adoption of this SSAP has resulted in no change to the previously adopted accounting treatment for intangible assets and the additional disclosures that it requires have not been significant for these condensed consolidated financial statements.

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. The SSAP requires the disclosure of goodwill and negative goodwill in the non-current assets section of the balance sheet. It requires that goodwill is amortised to the profit and loss account over its estimated useful life. Interpretation 13 prescribes the application of SSAP 30 to goodwill arising from acquisitions in previous years which remains eliminated against reserves.

SSAP 31 prescribes the recognition and measurement criteria for impairments of assets. The SSAP is required to be applied prospectively and therefore, has had no effect on amounts previously reported in prior year financial statements.

SSAP 32 prescribes the accounting treatment and disclosures for the preparation and presentation of consolidated financial statements, and has had no significant impact on the preparation of these condensed consolidated financial statements.

SSAP 33 prescribes the basis for reporting information about discontinuing/discontinued operations. This SSAP has had no major impact on these condensed consolidated financial statements.

SSAP 34 prescribes the accounting treatment and disclosures for employee benefits. This SSAP has had no major impact on these condensed consolidated financial statements.

7. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) the telecom products segment manufactures and sells telecommunication products and power supplies components for telecommunication products; and

(b) the corporate and other segment includes general corporate income and expense items.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers.

(a) Business segments

The following table presents revenue and results regarding the Group's business segments for the twelve months ended 30 September 2002 and 2001.

Group

	Telecom products		Corporate and others		Total	
	2002	**2001**	**2002**	**2001**	**2002**	**2001**
	(Unaudited)	**(Audited)**	**(Unaudited)**	**(Audited)**	**(Unaudited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales derived from external customers	73,017	83,774	-	197	73,017	83,971
Other revenue from external sources	-	-	1,563	5,522	1,563	5,522
Total revenue	73,017	83,774	1,563	5,719	74,580	89,493
Segment results	6,917	(19,219)	(17,717)	(20,694)	(10,800)	(39,913)
Interest income					147	212
Net gain attributable to the Group Restructuring					119,472	-
Finance costs					(3,024)	(5,252)
Profit/(loss) before tax					105,795	(44,953)
Tax					-	-
Profit/(loss) before minority interests					105,795	(44,953)
Minority interests					(1,403)	-
Net profit/(loss) from ordinary activities attributable to shareholders					104,392	(44,953)

(b) Geographical segments

No analysis of the revenue and results regarding the Group's geographical segments for the twelve months ended 30 September 2002 has been presented as over 90% of the Group's assets are located in Hong Kong and the People's Republic of China (the "PRC").

No analysis of the revenue and results regarding the Group's geographical segments for the year ended 30 September 2001 has been presented as the information is not available.

8. DEPRECIATION AND AMORTISATION

	Twelve months ended 30 September	
	2002	**2001**
	(Unaudited)	**(Audited)**
	HK$'000	*HK$'000*
Depreciation	3,042	3,809
Amortisation	629	–

9. NET GAIN ATTRIBUTABLE TO THE GROUP RESTRUCTURING

	Twelve months ended 30 September	
	2002	**2001**
	(Unaudited)	**(Audited)**
	HK$'000	*HK$'000*
Waiver of secured and unsecured financial obligations by banks, noteholders and creditors	44,663	–
Reversal of reserves upon the Group Restructuring	82,526	–
Waiver of accrued interests	2,179	–
	129,368	–
Less: Expenses incurred in connection with the Group Restructuring	(9,896)	–
	119,472	–

10. TAX

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 twelve months ended 30 September 2002 (30 September 2001: Nil).

11. DIVIDEND

The directors do not recommend payment of an interim dividend for the twelve months ended 30 September 2002 (30 September 2001: Nil).

12. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders for the period of HK$104,392,000 (30 September 2001: net loss of HK$44,953,000), and the weighted average number of 4,287,773,425 (30 September 2001: 630,276,977, restated by share consolidation of ten shares into one share) ordinary shares in issue during the period.

The calculation of diluted earnings/(loss) per share is based on the net profit attributable to shareholders for the period after adjustment for interest saved upon deemed exercise of all convertible bonds during the period, amounted to HK$104,602,000. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 6,382,293,973 which includes the weighted average number of 4,287,773,425 shares in issue during the period, as used in the basic earnings per share calculation and the weighted average of 2,094,520,548 ordinary shares assumed to have been issued on the deemed exercise of all convertible bonds during the period.

Diluted loss per share for the year ended 30 September 2001 has not been shown as the potential ordinary shares outstanding during that year had an anti-dilutive effect on the basic loss per share for that year.

13. FIXED ASSETS

For the twelve months ended 30 September 2002, the Group acquired fixed assets of HK$1,595,000 (30 September 2001: HK$146,000) and disposed and written off fixed assets of HK$63,211,000 as part of the Group Restructuring (30 September 2001: HK$27,854,000).

14. TRADE RECEIVABLES

The Group normally allows an average credit period of 60 to 90 days to its trade customers. The aged analysis of trade receivables was as follows:

	30 September 2002	
	HK$'000	*%*
Current to 30 days	41,651	98
31 to 60 days	568	1
61 to 90 days	158	–
Over 90 days	302	1
Total	42,679	100

No aged analysis in respect of trade receivables as at 30 September 2001 has been presented as the information is not available.

15. TRADE PAYABLES

The aged analysis of trade payables was as follows:

	30 September 2002	
	HK$'000	*%*
Current to 30 days	35,328	96
31 to 60 days	218	1
61 to 90 days	693	2
Over 90 days	436	1
Total	36,675	100

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

16. SHARE CAPITAL

	Notes	30 September 2002 (Unaudited) *HK$'000*	30 September 2001 (Audited) *HK$'000*
Authorised:			
30,000,000,000 shares of HK$0.01 each (30 September 2001: 10,000,000,000 shares of HK$0.02 each)	(a)(iii)&(d)	300,000	200,000
Issued and fully paid:			
10,838,403,562 shares of HK$0.01 each (30 September 2001: 6,384,035,621 shares of HK$0.02 each)		108,384	127,681

Movements in the issued and fully paid ordinary shares during the period were as follows:

	Notes	**Carrying amount** *HK$'000*	**Number of Shares**
At 1 October 2001		127,681	6,384,035,621
Capital reduction	(a)(i)	(121,297)	–
Share consolidation	(a)(ii)	–	(5,745,632,059)
Subscription of new shares	(b)(i)	40,000	4,000,000,000
Issue of new shares	(b)(ii)	25,000	2,500,000,000
Issue of new shares to noteholders	(b)(iii)	18,200	1,820,000,000
Issue of new shares to S. Megga Telecommunications Limited	(b)(iv)	1,000	100,000,000
Placement of new shares	(c)	17,800	1,780,000,000
At 30 September 2002		108,384	10,838,403,562

Notes:

(a) Upon completion of the Group Restructuring and with effect from 17 May 2002, the Company's share capital was restructured as follows:

(i) Capital reduction

The par value of each of the then existing issued shares of HK$0.02 each was reduced by HK$0.019 to HK$0.001 and each of the then existing unissued shares of HK$0.02 each 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 then 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 amount of HK$121,296,677 was applied to offset part of the accumulated loss of the Company.

(ii) Share consolidation

Immediately upon the capital reduction became effective, every 10 reduced shares of HK$0.001 each were consolidated into 1 new share of HK$0.01 each. The issued share capital of the Company comprising 6,384,035,621 reduced shares of HK$0.001 each was consolidated into 638,403,562 new shares of HK$0.01 each.

(iii) Increase of authorised share capital

Immediately upon the share consolidation became effective, the Company's authorised share capital was increased to HK$150,000,000 divided into 15,000,000,000 new shares of HK$0.01 each. As a result, the new authorised share capital comprises 638,403,562 issued new shares of HK$0.01 each and 14,361,596,438 unissued new shares of HK$0.01 each immediately upon the increase of authorised share capital became effective, but prior to the issue and allotment of any other new shares.

(b) On 17 May 2002, pursuant to the terms of the Restructuring Agreements:

(i) CCT Telecom (including the subsidiaries of CCT Telecom) and Dongguan Defa Investment Limited each subscribed for 2,000,000,000 new shares of HK$0.01 each at par for an aggregate consideration of HK$40,000,000 in cash;

(ii) the Company issued 2,500,000,000 new shares of HK$0.01 each to CCT Telecom (including the subsidiaries of CCT Telecom) at a subscription price of HK$0.01 each being part of the consideration for the transfer of the entire issued share capital of Electronic Sales Limited from CCT Telecom to the Company;

(iii) the Company issued 1,820,000,000 new shares of HK$0.01 each to the then holders of the convertible notes due 2003 and due 2007;

(iv) the Company issued 100,000,000 new shares of HK$0.01 each to S. Megga Telecommunications Limited being part of the consideration for the hive-down of certain assets of S. Megga Telecommunications Limited to another subsidiary of the Company.

(c) On 5 June 2002, JS Cresvale International Limited agreed to place to independent investors, on a fully underwritten basis, 1,780,000,000 existing shares at a price of HK$0.01 per share on behalf of Jade Assets Company Limited ("Jade Assets"), a subsidiary of CCT Telecom and Jade Assets entered into a conditional agreement with the Company for the subscription of 1,780,000,000 new shares at the same price per share. The net proceeds of HK$17,300,000 will be used for capital expenditure of the Group's manufacturing operation, 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 on 24 April 2002.

(d) On 9 July 2002, the authorised share capital of the Company has been increased from HK$150,000,000 to HK$300,000,000 by the creation of 15,000,000,000 shares, such new shares rank pari passu in all respects with the existing shares.

17. CONTINGENT LIABILITIES

Apart from the corporate guarantees of HK$5 million given to banks for general facilities utilised by a subsidiary of the Group, as far as is known to the Current Directors, the Current Directors are not aware of any other significant contingent liabilities at the period end date.

18. COMMITMENTS

Commitments under operating leases

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for an average term of one year.

At 30 September 2002, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	30 September 2002
	HK$'000
Within one year	1,130

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

19. PLEDGE OF ASSETS

At the balance sheet date, certain of the Group's fixed assets with a net book value of HK$7,600,000 (30 September 2001: HK$14,754,000) and time deposits of HK$5,025,000 (30 September 2001: Nil) were pledged to secure general banking facilities granted to the Group.

20. POST BALANCE SHEET EVENTS

On 5 July 2002, the Company announced its proposal for the Group Reorganisation which involved an introduction of a new holding company named CCT Tech International Limited. The Group Reorganisation was completed in November 2002. Please refer to note 3 for details.

21. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

		Twelve months ended 30 September 2002 (Unaudited)
	Notes	*HK$'000*
Rental expense	(i)	892
Management fee	(ii)	1,000
Sale of products	(iii)	48,158
Purchase of materials	(iv)	12,122

The directors of the Company are of the opinion that the above transactions were entered into in the normal course of business.

(i) The rental expense was charged at rates approximating to market rates.

(ii) The management fee was charged in respect of the provision of general administration, management information system consultation and hardware maintenance services and was determined based on the actual costs incurred.

(iii) The transactions were negotiated and conducted on similar terms to those offered to third party customers of the Group.

(iv) The transactions were negotiated and conducted on similar terms to those offered by third party suppliers of the Group.

22. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current period's presentation.

INDEPENDENT REVIEW REPORT

To the board of directors
CCT Tech International Limited

Introduction

We have been instructed by the Company (CCT Tech International Limited) to review the interim financial report set out on pages 9 to 26.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with SSAP 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. 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 SAS 700 "Engagements to review interim financial reports" 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 enquiries 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 information and explanations available to us was limited as follows:

Scope limitations arising from the prior year's audit scope limitation affecting opening balances

(a) The auditors' opinion on the financial statements of the Group for the year ended 30 September 2001 issued by the predecessor auditors was disclaimed in view of the pervasive nature of the limitations on the scope of their audit resulting from the inability of the Former Directors (as defined in note 2 to the condensed consolidated financial statements) to locate sufficient documentary information as explained in note 5 to the condensed consolidated financial statements. Any adjustments found to be necessary to the opening net liabilities of the Group would have a consequential effect on the net profit of the Group for the twelve months ended 30 September 2002.

Scope limitations arising from current period review

(b) As explained in note 5 to the condensed consolidated financial statements, the Current Directors (as defined in note 2 to the condensed consolidated financial statements) have been unable to satisfy themselves as to the completeness of the related party transactions disclosed in the condensed consolidated financial statements for the twelve months ended 30 September 2002 and whether the following amounts included in the condensed consolidated profit and loss account of the Group for the period from 1 October 2001 to 17 May 2002 are free from material misstatement:

- Turnover with nil amount;
- Cost of sales with nil amount;
- Other revenue of HK$2,238,000;
- Selling and administrative expenses of HK$10,088,000;
- Net gain attributable to group restructuring of HK$119,472,000;
- Finance costs of HK$2,179,000;
- Tax (including deferred tax) with nil amount; and
- Minority interests with nil amount.

Any adjustments that might have been found to be necessary in respect of the amounts and transactions set out above would have a consequential impact on the Group's net profit and cash flows for the twelve months ended 30 September 2002 and the Group's net assets position as at 30 September 2002 and for the note disclosures in respect thereof.

(c) As explained in note 5 to the condensed consolidated financial statements, one of the Group's subsidiaries in Malaysia had incomplete books and records up to the date of these condensed consolidated financial statements. We have not been provided with adequate evidence to satisfy ourselves as to the nature, completeness, appropriateness, classification and disclosures in respect of the transactions undertaken by this subsidiary during the twelve months ended 30 September 2002 and the related balances as at 30 September 2002, as included in the condensed consolidated financial statements. In particular, we have been unable to perform any satisfactory review procedures to substantiate the transactions entered into by this subsidiary during the period.

Any adjustments that might have been found to be necessary in respect of the matters set out above would have a consequential impact on the Group's net profit and cash flows for the twelve months ended 30 September 2002 and the Group's net assets position as at that date, and on the classification of such items and their related disclosures in the condensed consolidated financial statements.

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 unable to reach a review conclusion as to whether material modifications should be made to the interim financial report for the twelve months ended 30 September 2002.

Without modifying our inability to reach a review conclusion above, we draw the following to your attention that, because the auditors for the year ended 30 September 2001 disclaimed their opinion on the financial statements of the Group, the comparative amounts shown in the condensed financial report may not be comparable with those for the current period.

Ernst & Young
Certified Public Accountants

Hong Kong
19 December 2002

DIRECTORS' INTERESTS

So far as is known to, or can be ascertained after reasonable enquiry by, the directors of CCT Tech International Limited ("CCT Tech Directors"), as at 30 September 2002, the interests of the Current Directors and/or any of their respective associates in the securities of the Company or any of its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")), as recorded in the register of interests required to be kept by the Company pursuant to Section 29 of the SDI Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under Section 31 of, or Part I of the Schedule to, the SDI Ordinance) or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(A) INTERESTS IN SHARES AND WARRANTS

(i) the Company

None of the Current Directors and/or any of their respective associates had any interests in the securities of the Company.

(ii) Associated Corporation - CCT Telecom

	Number of ordinary shares beneficially held and nature of interest		
Name of Current Director	**Personal**	**Family**	**Corporate**
Mak Shiu Tong Clement *(Note)*	856,000	1,407,500	83,998,441
Cheng Yuk Ching Flora	9,876,713	-	-

Note: The family interest of Mr. Mak Shiu Tong Clement in 1,407,500 shares in CCT Telecom was held by his wife, Ms. Yiu Yu Ying, and the corporate interest of Mr. Mak Shiu Tong Clement in 83,998,441 shares in CCT Telecom was held by Capital Interest Limited, the issued share capital of which his wife, Ms. Yiu Yu Ying, and his two sons had beneficial interests, under the provisions of the SDI Ordinance.

(iii) Associated Corporation - Haier-CCT Holdings Limited ("Haier-CCT")

Name of Current Director	Number of ordinary shares beneficially held and nature of interest			Amount of 2004 warrants beneficially held and nature of interest		
	Personal	Family	Corporate	Personal	Family	Corporate
				HK$	*HK$*	*HK$*
Mak Shiu Tong Clement *(Note)*	20,574,412	1,150,391	85,494,864	1,069,869.32	59,820.28	4,444,651.64
Cheng Yuk Ching Flora	19,312,498	-	-	1,004,249.48	-	-
Tam Ngai Hung	10,000,000	-	-	520,000.00	-	-

Note: *The family interest of Mr. Mak Shiu Tong Clement in 1,150,391 shares and HK$59,820.28 2004 warrants in Haier-CCT were held by his wife, Ms. Yiu Yu Ying, and the corporate interest of Mr. Mak Shiu Tong Clement in 85,494,864 shares and HK$4,444,651.64 2004 warrants in Haier-CCT were held by Capital Interest Limited, the issued share capital of which his wife, Ms. Yiu Yu Ying, and his two sons had beneficial interests, under the provisions of the SDI Ordinance.*

(B) RIGHTS TO ACQUIRE ORDINARY SHARES

(i) Associated Corporation - CCT Telecom

Name of Current Director	Number of share options					Notes	Exercise price per share
	Outstanding as at 1 October 2001	Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period	Outstanding as at 30 September 2002		*HK$*
Mak Shiu Tong Clement	20,000,000	-	-	-	5,000,000#	*(a)*	2.936#
Cheng Yuk Ching Flora	5,000,000	-	-	-	1,250,000#	*(a)*	2.936#
Tam Ngai Hung	3,000,000	-	-	-	750,000#	*(b)*	3.732#
	5,000,000	-	-	-	1,250,000#	*(a)*	2.936#

Notes: *(a)* *The share options are exercisable from 16 August 2001 to 15 August 2003.*

(b) *The share options are exercisable from 13 June 2001 to 12 June 2003.*

\# *Adjusted to take into account of the share consolidation, rights issue and bonus issue of CCT Telecom in 2001.*

(ii) Associated Corporation - Haier-CCT

Name of Current Director	Number of share options: Outstanding as at 1 October 2001	Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period	Outstanding as at 30 September 2002		Exercise price per share *HK$*
Mak Shiu Tong Clement	-	89,000,000	-	-	89,000,000	*Note*	0.156
Cheng Yuk Ching Flora	-	89,000,000	-	-	89,000,000	*Note*	0.156
Tam Ngai Hung	-	89,000,000	-	-	89,000,000	*Note*	0.156

Note: The share options are exercisable from 16 August 2003 to 15 August 2007.

Save as disclosed above, as at 30 September 2002, none of the Current Directors and/ or any of their respective associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations (as defined in the SDI Ordinance) which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein or as otherwise 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 the Model Code under the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed below, as at 30 September 2002, so far as is known to, or can be ascertained after reasonable enquiry by, the CCT Tech Directors, there was no person who was, directly or indirectly, interested in 10% or more of the issued share capital of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:–

Name of shareholder	*Notes*	Number of shares held	Approximate % of total shareholding
Jade Assets Company Limited		1,800,000,000	16.610
CCT Assets Management Limited		1,350,000,000	12.455
Expert Success International Limited		1,350,000,000	12.455
CCT Technology Investment Limited	*(a)*	4,500,000,000	41.520
CCT Telecom	*(b)*	4,500,000,000	41.520
Dongguan Defa Investment Limited		2,000,000,000	18.450
Tan Jinrong	*(c)*	2,000,000,000	18.450
Standard Chartered Bank	*(d)*	1,424,425,852	13.140

Notes:–

(a) *The interest disclosed includes 1,800,000,000 shares held by Jade Assets Company Limited, 1,350,000,000 shares held by CCT Assets Management Limited and 1,350,000,000 shares held by Expert Success International Limited, all of them are wholly-owned subsidiaries of CCT Technology Investment Limited.*

(b) *The interest disclosed includes 4,500,000,000 shares beneficially owned by CCT Technology Investment Limited, which is a wholly-owned subsidiary of CCT Telecom.*

(c) *The interest disclosed includes 2,000,000,000 shares held by Dongguan Defa Investment Limited, in which Mr. Tan Jinrong has controlling interest.*

(d) *These shares are registered in the name of Horsford Nominees Limited, as the nominee for Standard Chartered Bank.*

SHARE OPTION SCHEME

At a special general meeting of the Company held on 11 July 2002, the shareholders of the Company adopted a share option scheme (the "Old Share Option Scheme"). As at 30 September 2002, no options was granted by the Company under the Old Share Option Scheme.

Upon the Group Reorganisation becoming effective on 4 November 2002, the Company became a wholly-owned subsidiary of CCT Tech International Limited and the listing of the shares of the Company on the Stock Exchange was withdrawn at the close of business on 6 November 2002. The listing of the shares of CCT Tech International Limited on the main board of the Stock Exchange commenced on 7 November 2002 by way of introduction.

A new share option scheme (the "New Share Option Scheme") was conditionally adopted by the then shareholder of CCT Tech International Limited on 17 September 2002 and the shareholders of the Company on 15 October 2002, which will permit the grant of options to each eligible participant of CCT Tech International Limited or its subsidiaries to subscribe for the shares of CCT Tech International Limited. Immediately upon the Group Reorganisation becoming effective on 4 November 2002, the New Share Option Scheme became unconditional and the Old Share Option Scheme was terminated.

During the period under review, no options was granted under the Old Share Option Scheme and, as at the date of this report, no options has yet been granted under the New Share Option Scheme. The CCT Tech Directors consider that it is not appropriate to value the options that can be granted under the Old Share Option Scheme and the New Share Option Scheme on the ground that a number of variables crucial for the valuation of the option value cannot be determined. Accordingly, any valuation of the options based on various speculative assumptions would not be meaningful, but would be misleading to the shareholders of the Company.

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

The CCT Tech Directors disclaim their responsibilities on the accuracy of the information stated under this section in respect of purchase, sale or redemption of the Company's listed securities before 17 May 2002 due to insufficient and incomplete records received from the then receivers and the Former Directors for the period before completion of the Group Restructuring. As far as the CCT Tech Directors are aware, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any securities (whether on the Stock Exchange or otherwise) of the Company during the twelve months ended 30 September 2002.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Current Directors were appointed upon completion of the Group Restructuring on 17 May 2002 and the CCT Tech Directors were appointed on 14 August 2002 (except that Mr. Tong Chi Hoi was appointed on 12 November 2002). Upon the Group Reorganisation becoming effective on 4 November 2002, the Company became a wholly-owned subsidiary of CCT Tech International Limited and the listing of the shares of the Company on the Stock Exchange was withdrawn at the close of business on 6 November 2002. The listing of the shares of CCT Tech International Limited on the main board of the Stock Exchange commenced on 7 November 2002 by way of introduction.

None of the CCT Tech Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the period immediately after completion of the Group Restructuring, in compliance with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Listing Rules except that the independent non-executive directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation at an annual general meeting in accordance with the bye-laws of the Company.

AUDIT COMMITTEE

At completion of the Group Restructuring on 17 May 2002, an audit committee of the Company was formed and, upon the listing of the shares of CCT Tech International Limited on the Stock Exchange on 7 November 2002, a new audit committee of CCT Tech International Limited (the "New Audit Committee"), comprising two independent non-executive directors of CCT Tech International Limited, was then established with written terms of reference pursuant to paragraph 14 of the Code.

The New Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed financial and accounting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the twelve months ended 30 September 2002. However, the New Audit Committee disclaims their liabilities and cannot form an opinion in respect of the transactions before 17 May 2002, for the reasons stated in note 5 to the unaudited condensed consolidated interim financial statements of the Group for the twelve months ended 30 September 2002.

By Order of the Board
Mak Shiu Tong Clement
Chairman

Hong Kong, 19 December 2002