THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in CCT Telecom Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s), the transferee(s) or to the bank, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

(1) VERY SUBSTANTIAL ACQUISITION ACQUISITION OF A MEDICAL DEVICE BUSINESS THROUGH CCT TECH AND (2) VERY SUBSTANTIAL DISPOSAL AS A RESULT OF DILUTION IN SHAREHOLDINGS IN CCT TECH

Financial Adviser to the Company for the Transactions

SAMSUNG SECURITIES

SAMSUNG SECURITIES (ASIA) LIMITED

A letter from the Board is set out on pages 15 to 71 of this circular.

A notice convening the SGM to be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Friday, 24 December 2010 at 11:00 a.m. is set out on pages 192 to 194 of this circular. A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct.com.hk). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

30 November 2010

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In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

"Announcement"	the joint announcement dated 28 October 2010 made by the Company and CCT Tech in respect of the very substantial acquisition and very substantial disposal of the Company; and the proposed capital reorganisation, change of board lot size, major acquisition and proposed placing of new shares under general mandate of CCT Tech;
"associates"	has the meaning as given to it in the Listing Rules;
"Board"	the board of the Directors;
"Business Day(s)"	a day on which commercial banks in Hong Kong and the PRC are open for business (excluding Saturdays, Sundays, public holidays and any weekday on which Typhoon Signal No. 8 or higher is hoisted or a black rain storm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.);
"BVI"	British Virgin Islands;
"Capital Increase"	subject to and forthwith upon the Share Consolidation and the Capital Reduction becoming effective, the proposed increase in the authorised share capital of CCT Tech from HK$120,000,000 divided into 12,000,000,000 shares of par value of HK$0.01 each to HK$300,000,000 divided into 30,000,000,000 shares of par value of HK$0.01 each;
"Capital Reduction"	the proposed reduction of the par value of each issued Consolidated Share from HK$0.10 each to HK$0.01 each by cancelling HK$0.09 paid-up capital on each issued Consolidated Share upon the Share Consolidation becoming effective;
"Capital Reorganisation"	the proposed share capital reorganisation of CCT Tech which includes the Share Consolidation, the Capital Reduction, the Credit Transfer, the Capital Increase, Reclassification and Re-designation and creation of the Redeemable CPS as more fully set out under the section headed "The Proposed Capital Reorganisation of CCT Tech" in the "Letter from the Board" of this circular;

"Cash Option Consideration"	has the meaning set out in the term headed "Option Price" in the sub-section headed "The Put Option" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"CCASS"	Central Clearing and Settlement System established and operated by HKSCC;
"CCT Assets"	CCT Assets Management Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company, which holds 1,350,000,000 CCT Tech Existing Shares, as at the Latest Practicable Date, representing approximately 2.06% of the existing entire issued share capital of CCT Tech;
"CCT Resources"	CCT Resources Holdings Limited (which will be renamed as "Merdeka Resources Holdings Limited" upon completion of the filing procedures with the Companies Registry in Hong Kong, and whose Chinese name will be adopted from "中建資源集團有限公司" to "萬德資源集團有限公司" for identification purposes), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Growth Enterprise Market of the Stock Exchange, and as at the Latest Practicable Date, the Company is its substantial shareholder;
"CCT Tech"	CCT Tech International Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange;
"CCT Tech Board"	the board of the CCT Tech Directors;
"CCT Tech Director(s)"	the director(s) (including the independent non-executive directors) of CCT Tech, from time to time;
"CCT Tech Existing Share(s)"	the existing issued share(s) of CCT Tech and share(s) of CCT Tech to be allotted and issued from time to time of par value of HK$0.01 each before the Capital Reorganisation becoming effective;
"CCT Tech Enlarged Group"	the CCT Tech Group as enlarged by the Target Group;
"CCT Tech Group"	CCT Tech and its subsidiaries, from time to time;

"CCT Tech Ordinary Share(s)"	the ordinary share(s) of HK$0.01 each in the capital of and to be allotted and issued by CCT Tech from time to time upon the Capital Reorganisation becoming effective;
"CCT Tech SGM"	the special general meeting of the CCT Tech Shareholders to be convened to consider and, if thought fit, inter alia, approve the Capital Reorganisation (including the Resolution), the S&P Agreement, the Transactions, and the other transactions contemplated thereunder;
"CCT Tech Shareholder(s)"	the holder(s) of the CCT Tech Existing Share(s) before the Capital Reorganisation becoming effective or the holder(s) of the CCT Tech Ordinary Shares after the Capital Reorganisation becoming effective;
"CCT Telecom" or "Company"	CCT Telecom Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
"CE Marking"	a product certification mark that is placed on, constituting a manufacturer's declaration that the product complies with the essential requirements of the relevant European health, safety and environmental protection directives, namely the European Directives;
"Charge"	the charge over the Redeemable CPS given by the InnoMed Owner and the Vendor pursuant to the terms of the InnoMed Owner CPS Charge and the Vendor CPS Charge, respectively;
"Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time);
"Completion"	completion of the Transactions pursuant to the S&P Agreement, which will take place on the Completion Date;
"Completion Date"	10:00 a.m. (Hong Kong time) on the second Business Day next following the date on which all the conditions precedent (other than the conditions precedent set out in paragraphs (e) to (h) of the sub-section headed "Conditions precedent to the S&P Agreement" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular, which will be satisfied or waived on the Completion Date) set out in the S&P Agreement has been satisfied or waived in accordance with the S&P Agreement or such other time and date as the parties to the S&P Agreement may agree in writing, on which Completion will take place;

"connected person(s)"	has the meaning as given to it in the Listing Rules;
"Consideration"	the aggregate price of US$100,000,000 (equivalent to approximately HK$780,000,000), representing the total of the Subscription Consideration and the Purchase Consideration;
"Consideration Shares"	has the meaning set out in the sub-section headed "Purchase Consideration" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"Consolidated Net Profit After Tax"	the consolidated net profit after tax of the Target Group, after deduction of all expenses, losses, provisions and charges but for the purpose of the S&P Agreement, after adding back the charge for depreciation and amortisation on the intangible assets and goodwill of the Target Group;
"Consolidated Share(s)"	share(s) of HK$0.10 each in the issued share capital of CCT Tech immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction;
"Consolidated Share Options"	the adjustment of the Existing Share Options into 60,000,000 consolidated share options as a result of the Capital Reorganisation, which entitle the holders to exercise and subscribe for 60,000,000 CCT Tech Ordinary Shares at the adjusted exercise price of HK$0.10 per CCT Tech Ordinary Share;
"Conversion Period"	the perpetual period commencing from date of issue of the Redeemable CPS in which holder(s) of the Redeemable CPS are eligible to convert, subject to the Lock-up Undertakings and the conversion restrictions as set out in the Resolution, the Redeemable CPS into the CCT Tech Ordinary Shares;
"Conversion Ratio"	the ratio of conversion of the Redeemable CPS into the CCT Tech Ordinary Shares, at the initial ratio of one Redeemable CPS convertible into one CCT Tech Ordinary Share, subject to adjustment only in the event of an alteration to the nominal value of the CCT Tech Ordinary Shares as a result of consolidation or sub-division of the CCT Tech Ordinary Shares and not otherwise;
"Conversion Shares"	CCT Tech Ordinary Shares to be allotted and issued by CCT Tech upon conversion of the Redeemable CPS, from time to time;

"Credit Transfer"	has the meaning as referred to in the section headed "The Proposed Capital Reorganisation of CCT Tech" in the "Letter from the Board" of this circular;
"Designated Account"	the bank account opened in the name of the Target Company and is designated by the Target Company to receive the Subscription Consideration (other than the Deposit), which account shall be operated by signatories nominated solely by CCT Tech;
"Director(s)"	the director(s) (including the independent non-executive directors) of the Company, from time to time;
"Enlarged Group"	the Group as enlarged by the Transactions;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director;
"Exercise Period"	has the meaning set out in the term headed "Exercise Period" in the sub-section headed "The Put Option" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"Existing InnoMed Group"	InnoMed and Shanghai Ying Zhong;
"Existing Share Options"	the existing share options granted under the share option scheme of CCT Tech, which entitle the holders to exercise and subscribe for 600,000,000 CCT Tech Existing Shares at the exercise price of HK$0.01 per CCT Tech Existing Share before the Capital Reorganisation becoming effective;
"Expert Success"	Expert Success International Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company which holds 2,350,000,000 CCT Tech Existing Shares, as at the Latest Practicable Date, representing approximately 3.59% of the existing total issued share capital of CCT Tech;
"GE"	General Electric Company (NYSE: GE);
"Governmental Authority(ies)"	any government, court, governmental, regulatory or official authority, department, agency or body, whether in Hong Kong, the PRC or elsewhere, including but not limited to the Stock Exchange and the SFC;

"Group"	the Company and its subsidiaries, from time to time;
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"HKSCC"	Hong Kong Securities Clearing Company Limited;
"HK GAAP"	generally accepted accounting principles, standards and practices in Hong Kong, including but not limited to Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent CCT Tech Shareholders"	CCT Tech Shareholders other than the Vendor, the InnoMed Owner and their respective associates, who have no interest in the exercise of the Put Option and the transfer of the Sale Shares and the Subscription Shares back to the Vendor as a result of the exercise of the Put Option;
"InnoMed"	InnoMed Scientific Incorporation Limited, a company incorporated in Hong Kong with limited liability, the entire issued share capital in which is owned by the InnoMed Owner as at the Latest Practicable Date;
"InnoMed Cash Consideration"	the price of US$5 million (or its equivalent in HK$), representing that part of the InnoMed Consideration payable in cash, which shall be paid by the Target Company in cash to the InnoMed Owner in accordance with the provisions set out in the InnoMed Share Purchase Agreement;
"InnoMed Consideration"	the aggregate price of US$20 million (or its equivalent in HK$), which comprises the InnoMed Cash Consideration and the InnoMed Non-Cash Consideration, being the total consideration for the purchase of the entire issued share capital and the InnoMed Shareholder's Loan of InnoMed by the Target Company from the InnoMed Owner, in accordance with the InnoMed Share Purchase Agreement, and which shall form part of the Consideration;

"InnoMed Non-Cash Consideration"	the price of US$15 million (or its equivalent in HK$), representing that part of the InnoMed Consideration to be satisfied by the allotment and issue of 650,000,000 Redeemable CPS by CCT Tech to the InnoMed Owner in the manner set out in the sub-section headed "Purchase Consideration" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"InnoMed Group"	InnoMed, the Shanghai Companies and the subsidiaries of InnoMed, from time to time;
"InnoMed Owner"	InnoMed Scientific Limited, which holds and owns the entire issued capital of InnoMed as at the Latest Practicable Date;
"InnoMed Owner CPS Charge"	the share charge in form and substance agreed by the Vendor and CCT Tech to be executed by the InnoMed Owner in favour of CCT Tech, pursuant to which such number of the Redeemable CPS to be issued to the InnoMed Owner pursuant to the terms of the S&P Agreement are charged in favour of CCT Tech to secure the obligations of the Vendor and the Target Company under the S&P Agreement, including the Vendor's obligations under the Put Option, as further elaborated in the sub-section headed "Lock-up Undertakings and the Charge on the Redeemable CPS" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"InnoMed Share Purchase Agreement"	the share purchase agreement dated 12 October 2010 as amended and supplemented by a supplemental agreement dated as of 19 October 2010 entered into between the Target Company, the InnoMed Owner and Mr. Hu, pursuant to which the Target Company will purchase, the InnoMed Owner will sell, the entire issued capital of InnoMed and the InnoMed Owner will assign the InnoMed Shareholder's Loan to the Target Company;
"InnoMed Shareholder's Loan"	the outstanding interest-free loan due from InnoMed to the InnoMed Owner as at the Completion Date, which amounted to approximately HK$8 million as at the date of the S&P Agreement;

"Jade Assets"	Jade Assets Company Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company which holds 29,326,391,124 CCT Tech Existing Shares, as at the Latest Practicable Date, representing approximately 44.83% of the existing total issued share capital of CCT Tech;
"Key Management"	the key management of the Target Group, whose brief biographies have been set out in the section headed "Key Management" in the "Letter from the Board" of this circular;
"Last Trading Date"	13 October 2010, being the last trading day on which the CCT Tech Existing Shares and the Shares were traded on the Stock Exchange prior to the issue of the Announcement;
"Latest Practicable Date"	24 November 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Lock-up Undertakings"	the lock-up undertakings to be given by the Vendor and the InnoMed Owner, applicable to the disposal, transfer, dealings and conversion of the Redeemable CPS as more particularly described in the sub-section headed "Lock-up Undertakings and the Charge on the Redeemable CPS" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"Long Stop Date"	31 December 2010, or such other date as the parties to the S&P Agreement may from time to time agree in writing;
"Medical Device Business"	the business involving the manufacture and sale of vascular stent system and other medical devices to be engaged by the Target Group after Completion, as further elaborated in the section headed "Information on the Target Group" in the "Letter from the Board" of this circular;
"MIV Share Charge"	the share charge executed by the Vendor in favour of CCT Tech on 13 October 2010, pursuant to which the Vendor charges all the Sale Shares in favour of CCT Tech and such share charge shall be released upon Completion;

"Mr. Hu"	Mr. Ty Tiefeng Hu, the existing owner of the entire equity of Shanghai Ying Sheng, as at the Latest Practicable Date;
"Non-cash Option Consideration"	has the meaning set out in the term headed "Option Price" in the sub-section headed "The Put Option" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"ODM"	original design manufacturing;
"Option Completion Date"	has the meaning set out in the term headed "Option Completion Date" in the sub-section headed "The Put Option" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"Option Price"	the aggregate price of the Cash Option Consideration and the Non-cash Option Consideration, as further elaborated in the term headed "Option Price" in the sub-section headed "The Put Option" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"Patents"	the patents owned by the Target Company, the particulars of which have been described in the section headed "Information on the Target Group" in the "Letter from the Board" of this circular;
"Placee(s)"	any independent individual, corporate and/or institutional investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent's obligations under the Placing Agreement;
"Placing"	has the meaning set out in the section headed "The Proposed Placing of CCT Tech" in the "Letter from the Board" of this circular;
"Placing Agent"	SBI E2-Capital (HK) Limited, a company incorporated in Hong Kong having its registered office address at Unit A2, 32/F., United Centre, 95 Queensway, Hong Kong;
"Placing Agreement"	the placing agreement entered into between the Placing Agent and CCT Tech on 19 October 2010 regarding the Placing, as further elaborated in the section headed "The Proposed Placing of CCT Tech" in the "Letter from the Board" of this circular;

"Placing Price"	has the meaning set out in the sub-section headed "Terms of the Placing Agreement" under the section headed "The Proposed Placing of CCT Tech" in the "Letter from the Board" of this circular;
"Placing Shares"	has the meaning set out in the section headed "The Proposed Placing of CCT Tech" in the "Letter from the Board" of this circular;
"PRC"	the People's Republic of China, excluding Hong Kong for the purpose of this circular;
"Purchase Consideration"	the aggregate price of US$80,000,000 (equivalent to approximately HK$624,000,000) to be satisfied by CCT Tech by way of allotment and issue of the Redeemable CPS to be issued to the InnoMed Owner and the Vendor for the purchase of the Sale Shares from the Vendor, pursuant to the terms and the conditions of the S&P Agreement;
"Put Option"	the put option granted to CCT Tech by the Vendor under the S&P Agreement, which gives the right to CCT Tech to require the Vendor to buy back the Sale Shares and the Subscription Shares at the Option Price, if certain event is not fulfilled, as further elaborated in the sub-section headed "The Put Option" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"R&D"	research and development;
"Reclassification and Re-designation"	the reclassification and re-designation of the authorised share capital of CCT Tech subject to and forthwith upon the Capital Increase becoming effective so that the authorised share capital of CCT Tech shall become HK$300,000,000 divided into 30,000,000,000 shares of par value of HK$0.01 each, comprised of 3,466,700,000 Redeemable CPS of par value of HK$0.01 each and 26,533,300,000 CCT Tech Ordinary Shares of par value of HK$0.01 each and the proposed re-designation of the then issued shares of CCT Tech into issued CCT Tech Ordinary Shares;
"Redeemable CPS"	the non-voting redeemable convertible preference shares of par value of HK$0.01 each created by the Capital Reorganisation to be issued by CCT Tech after Completion at the issue price of HK$0.18 each pursuant to the terms of the S&P Agreement and having the rights and benefits and subject to the restrictions to be set out in the Resolution;

"Relevant Holding Companies"	CCT Assets, Expert Success and Jade Assets, which together hold a total of 33,026,391,124 CCT Tech Existing Shares, representing approximately 50.49% of the existing total issued share capital of CCT Tech as at the Latest Practicable Date;
"Remaining Group"	the Group, excluding the CCT Tech Group;
"Resolution"	the resolution to be proposed and approved by the CCT Tech Shareholders at the CCT Tech SGM in relation to, inter alia, the creation of the Redeemable CPS and the rights, benefits and restrictions attached to the Redeemable CPS;
"RMB"	Renminbi, the lawful currency of the PRC;
"Roma"	Roma Appraisals Limited, the valuer appointed to conduct the valuation of the Target Group;
"S&P Agreement"	the conditional agreement dated 13 October 2010 as amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement, each of which was entered into amongst CCT Tech, the Vendor and the Target Company in respect of the Transactions, as more particularly disclosed and described in the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"Sale Shares"	80 shares of US$1.00 each in the Target Company, representing the entire issued share capital of the Target Company as at the Latest Practicable Date, to be sold by the Vendor to CCT Tech (or its designated nominee(s)) at the Purchase Consideration, pursuant to the terms and conditions of the S&P Agreement;
"Second Supplemental Agreement"	the second supplemental agreement dated 22 October 2010 entered into amongst CCT Tech, the Vendor and the Target Company to amend the original agreement dated 13 October 2010 also entered into by the same parties in respect of the Transactions, mainly to exclude the condition precedent set out in the paragraph (c) in the sub-section headed "Conditions precedent to the S&P Agreement" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular from the right of waiver of CCT Tech;

"SFC"	Hong Kong Securities and Futures Commission;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SFDA"	The State Food and Drug Administration of the PRC;
"SGM"	the special general meeting of the Shareholders to be convened to consider and, if thought fit, inter alia, approve (i) the S&P Agreement; (ii) the Transactions; (iii) the very substantial disposal arising from dilution of the Company's shareholding interest in CCT Tech as a result of the allotment and issue of the Placing Shares; and (iv) the possible very substantial disposal as a result of the possible maximum dilution of the Company's shareholding interest in CCT Tech arising from the future possible issue of the Conversion Shares as a result of the full conversion of the Redeemable CPS, and the other transactions contemplated thereunder;
"Shanghai Companies"	Shanghai Ying Zhong and Shanghai Ying Sheng;
"Shanghai Ying Sheng"	Shanghai InnoMed Technologies Incorporation Limited (上海贏生醫療科技有限公司), a company established in the PRC, the entire equity in which is owned by Mr. Hu as at the Latest Practicable Date;
"Shanghai Ying Sheng Equity Transfer Agreement"	the equity transfer agreement entered into between InnoMed and Mr. Hu on 11 October 2010, pursuant to which InnoMed will purchase all the equity interest in Shanghai Ying Sheng;
"Shanghai Ying Zhong"	InnoMed Scientific Incorporation (Shanghai) Ltd. (贏眾生物科技(上海)有限公司), a company established in the PRC, the entire equity in which is owned by InnoMed as at the Latest Practicable Date;
"Share Consolidation"	the proposed consolidation of every 10 issued CCT Tech Existing Shares of HK$0.01 each in the share capital of CCT Tech into one issued Consolidated Share of HK$0.10 each;
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholder(s)"	the holder(s) of the ordinary shares in the capital of the Company;

"Share Repurchase Code"	the Hong Kong Code on Repurchase;
"Specified Product"	has the meaning set out in the section headed "Information on the Target Group" in the "Letter from the Board" of this circular;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Consideration"	the aggregate price of US$20,000,000 (equivalent to approximately HK$156,000,000) payable by CCT Tech in cash to the Target Company for the subscription of the Subscription Shares, pursuant to the terms and the conditions of the S&P Agreement;
"Subscription Shares"	20 new shares in the Target Company, to be subscribed for by CCT Tech (or its designated nominee(s)) at the Subscription Consideration, pursuant to the terms and conditions of the S&P Agreement;
"substantial shareholder(s)"	has the meaning as given to it in the Listing Rules;
"Supplemental Agreement"	the supplemental agreement dated 19 October 2010 entered into amongst CCT Tech, the Vendor and the Target Company to amend certain terms mainly related to the changes of structure of the Placing from a top-up placing to a placing for new shares by means of the Placing Agreement and amendments to clarify certain indemnities, warranties and representations of the Vendor and the Target Company under the S&P Agreement, and amendments to the relevant terms of definitions as a result of those changes, of the original agreement dated 13 October 2010, also entered into amongst CCT Tech, the Vendor and the Target Company, in respect of the Transactions;
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers;
"Target Company"	MIV Scientific Holdings Ltd., a company incorporated in the BVI with limited liability, which is a wholly-owned subsidiary of the Vendor as at the Latest Practicable Date;
"Target Group"	the Target Company, InnoMed, Shanghai Ying Zhong, Shanghai Ying Sheng, and any other subsidiaries of the Target Company, from time to time;
"Telecom Product Business"	has the meaning set out in the section headed "Information on CCT Tech and CCT Telecom" in the "Letter from the Board" of this circular;

"Transactions"	the proposed acquisition of the Sale Shares by CCT Tech from the Vendor and the proposed subscription of the Subscription Shares by CCT Tech, pursuant to the terms and conditions of the S&P Agreement as more particularly described in the section headed the "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular;
"USA"	United States of America;
"US$"	US dollars, the lawful currency of the USA;
"Valuation Report"	the valuation report issued by Roma, showing the appraised value of the Target Group, details of which are set out in Appendix V of this circular;
"Vendor"	MIV Therapeutics, Inc., a company incorporated in the USA, which holds the Sale Shares, representing the entire issued share capital of the Target Company as at the Latest Practicable Date;
"Vendor CPS Charge"	the share charge in form and substance agreed by the Vendor and CCT Tech to be executed by the Vendor in favour of CCT Tech, pursuant to which such number of the Redeemable CPS to be issued to the Vendor pursuant to the terms of the S&P Agreement are charged in favour of CCT Tech to secure the obligations of the Vendor and the Target Company under the S&P Agreement, including the Vendor's obligations under the Put Option, as further elaborated in the sub-section headed "Lock-up Undertakings and the Charge on the Redeemable CPS" under the section headed "The S&P Agreement and the Transactions" in the "Letter from the Board" of this circular; and
"%"	per cent.

CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 00138)

Executive Directors:
Mak Shiu Tong, Clement
Tam Ngai Hung, Terry
Cheng Yuk Ching, Flora
William Donald Putt

Independent non-executive Directors:
Tam King Ching, Kenny
Lau Ho Man, Edward
Chen Li

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business in Hong Kong:
2208, 22/F.
St. George's Building
2 Ice House Street, Central
Hong Kong

30 November 2010

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION ACQUISITION OF A MEDICAL DEVICE BUSINESS THROUGH CCT TECH AND (2) VERY SUBSTANTIAL DISPOSAL AS A RESULT OF DILUTION IN SHAREHOLDINGS IN CCT TECH

INTRODUCTION

On 28 October 2010, by means of the Announcement, the Board and the CCT Tech Board jointly announced that CCT Tech entered into the S&P Agreement with the Vendor and the Target Company in respect of the Transactions at the Consideration of US$100 million (equivalent to approximately HK$780,000,000), which involve the acquisition by CCT Tech of the Sale Shares from the Vendor and the subscription of the Subscription Shares. Completion of the S&P Agreement is conditional upon, among others, completion of the Placing, and the CCT Tech Shareholders' approval of the Capital Reorganisation, the S&P Agreement and the Transactions. Following Completion, CCT Tech (or its designated nominee(s)) will beneficially own the then entire issued share capital of the Target Company as enlarged by the Subscription Shares. The Vendor owns the Patents and together with its subsidiaries will be engaged in the Medical Device Business.

To the best of the CCT Tech Directors' and the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners and their respective associates are third parties independent of CCT Tech, the Company and any of their respective connected

persons. To the best of the CCT Tech Directors' and the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Hu, the InnoMed Owner, their respective ultimate beneficial owners and their respective associates are third parties independent of CCT Tech, the Company and any of their respective connected persons.

To facilitate the issue of the Redeemable CPS, the CCT Tech Board proposes to put forward the proposal to the CCT Tech Shareholders to effect the Capital Reorganisation which involves:

(i) the Share Consolidation;

(ii) the Capital Reduction;

(iii) the Credit Transfer; and

(iv) the Capital Increase, Reclassification and Re-designation.

The proposed Capital Reorganisation which is conditional upon, among others, the CCT Tech Shareholders' approval of the proposed Capital Reorganisation (including the Resolution), the S&P Agreement and all transactions contemplated thereunder at the CCT Tech SGM, and the Shareholders' approval of the S&P Agreement and all transactions contemplated thereunder at the SGM. More details of the Capital Reorganisation of CCT Tech are set out under the section headed "The Proposed Capital Reorganisation of CCT Tech" in this letter.

As CCT Tech is a non wholly-owned subsidiary of the Company as at the Latest Practicable Date, the Transactions constitute a very substantial acquisition for the Company under the Listing Rules. The entering into of the S&P Agreement by CCT Tech, the Transactions and the other transactions contemplated thereunder are therefore subject to approval by the Shareholders at the SGM.

The dilution of the Company's shareholding in CCT Tech as a result of the Placing of the Placing Shares by CCT Tech and the possible maximum dilution of the Company's shareholding in CCT Tech as a result of the allotment and issue of the Conversion Shares by CCT Tech arising from the full conversion of the Redeemable CPS will constitute a very substantial disposal and a possible very substantial disposal respectively for the Company under the Listing Rules. The very substantial disposal and the possible very substantial disposal are subject to the approval by the Shareholders at the SGM. Although Mr. Mak Shiu Tong, Clement is a controlling shareholder of the Company, and through which he is also a controlling shareholder of CCT Tech, he has no material interest in the Transactions. Mr. Mak's interest in the Transactions is no different from that of other shareholders of CCT Tech. As such, the CCT Tech Directors are of the view that Mr. Mak is not required to abstain from voting at the CCT Tech SGM to approve the Transactions. The interest of the CCT Tech Directors in the CCT Tech Existing Shares and the interest of the CCT Tech Directors in shares of the Company as at the Latest Practicable Date has been disclosed in the table and note to such table respectively set out in the section headed "Shareholding Structure of CCT Tech" below. Except for the above, neither the CCT Tech Directors nor the Directors have information about the interest of the public shareholders which are common shareholders of both CCT Tech and the Company. However, based on the declarations of directors' interest and substantial shareholders' interest under Part XV of the SFO, the CCT Tech Directors and the Directors confirm that other than Mr. Mak and the corporations controlled by him, there is no substantial shareholder of CCT Tech which is also a substantial shareholder of the Company. No Shareholder is required to abstain from voting on the resolution(s) to approve the very substantial disposal and the possible very substantial disposal at the SGM.

The purpose of this circular is to provide you with, among other things, (i) further details of the Placing and the Placing Shares; (ii) further details of the S&P Agreement and the Transactions; (iii) the Valuation Report on the Target Group; and (iv) the notice of the SGM.

THE S&P AGREEMENT AND THE TRANSACTIONS

The sale and purchase agreement dated 13 October 2010 as amended and revised by the Supplemental Agreement (which amended certain terms mainly related to the changes of structure of the Placing from a top-up placing to a placing for new shares and to clarify certain indemnities, warranties and representations of the Vendor and the Target Company under the S&P Agreement) and the Second Supplemental Agreement (which excluded the right of CCT Tech to waive the condition precedent in relation to the completion and implementation of the Shanghai Ying Sheng Equity Transfer Agreement) was entered into amongst CCT Tech, the Vendor and the Target Company, and the key terms of which are as follows:

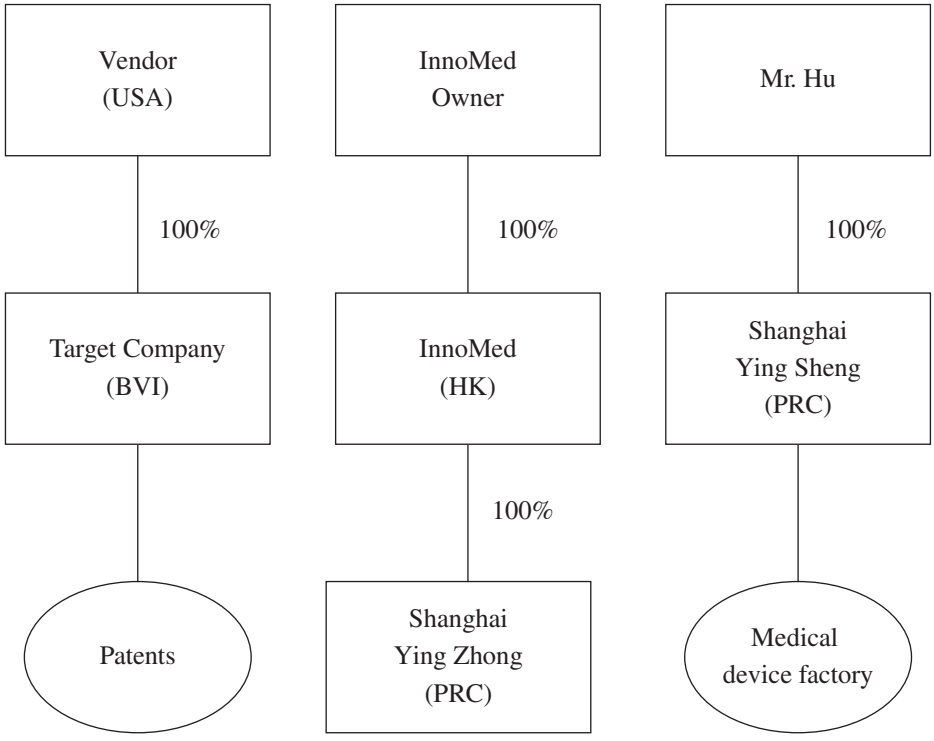
Date:	the original agreement was entered into on 13 October 2010, the Supplemental Agreement was entered into on 19 October 2010 and the Second Supplemental Agreement was entered into on 22 October 2010			
Parties:	(i)	Purchaser	:	CCT Tech International Limited
	(ii)	Vendor	:	MIV Therapeutics, Inc.
	(iii)	Target Company	:	MIV Scientific Holdings Ltd.

Assets to be acquired

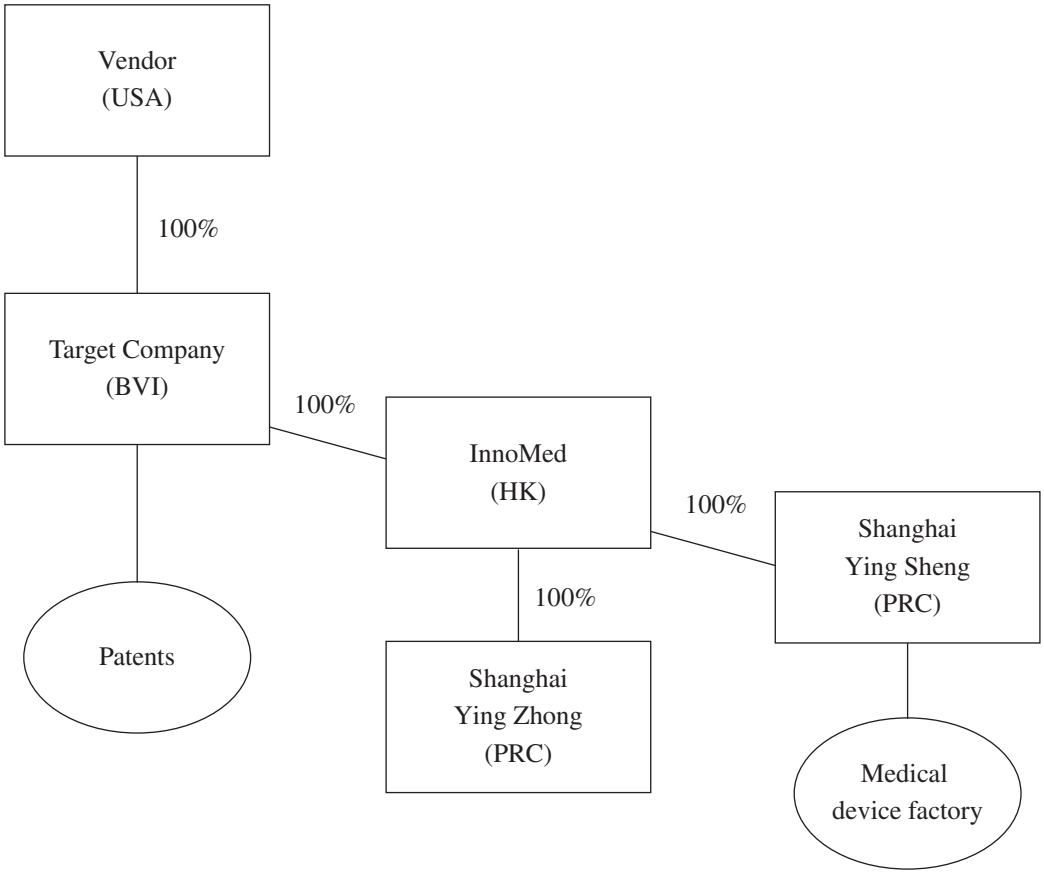
CCT Tech will acquire the Sale Shares from the Vendor, pursuant to the terms and conditions of the S&P Agreement. The Sale Shares represent the entire issued share capital of the Target Company as at the Latest Practicable Date. CCT Tech will also subscribe for the Subscription Shares pursuant to the terms and conditions of the S&P Agreement. Immediately after Completion, CCT Tech (or its designated nominee(s)) will beneficially own 100% of the then total issued capital of the Target Company as enlarged by the Subscription Shares. The Target Company is an investment holding company and as at the Latest Practicable Date, owns the Patents and the technology in relation to cardiovascular medical devices and coronary stent. The Target Company has executed the InnoMed Share Purchase Agreement with the InnoMed Owner and Mr. Hu to acquire the entire issued share capital and the InnoMed Shareholders' Loan of InnoMed, which in turn owns 100% equity interest in Shanghai Ying Zhong. InnoMed has also executed the Shanghai Ying Sheng Equity Transfer Agreement with Mr. Hu to acquire 100% of the equity of Shanghai Ying Sheng, the consideration of which will be satisfied by setting off the amount owed by Mr. Hu to InnoMed. Shanghai Ying Zhong will engage in marketing and sale of medical devices whilst Shanghai Ying Sheng owns a medical device factory in Shanghai capable of manufacturing vascular devices and other medical devices. As at the Latest Practicable Date, none of the members of the Target Group has commenced business activities and has not generated any revenue. For further details of Target Group, please refer to the section headed "Information on the Target Group" below.

The shareholding structure of the Target Group before and immediately after completion of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement, but before Completion is as follows:

The existing structure of the Target Group before completion of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement



The structure of the Target Group immediately after completion of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement, but before Completion



The Vendor is an investment holding company incorporated in the USA. To the best of the CCT Tech Directors' and the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners and their respective associates are third parties independent of CCT Tech, the Company and any of their respective connected persons.

To the best of the CCT Tech Directors' and the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Hu, the InnoMed Owner, their respective ultimate beneficial owners and their respective associates are third parties independent of CCT Tech, the Company and any of their respective connected persons.

The Consideration for the Transactions

The Consideration

The Consideration is US$100,000,000 (equivalent to approximately HK$780,000,000) which comprises (i) the Subscription Consideration in the amount of US$20,000,000 (equivalent to approximately HK$156,000,000), payable by CCT Tech to the Target Company in cash for the subscription of the Subscription Shares; and (ii) the Purchase Consideration in the amount of US$80,000,000 (equivalent to approximately HK$624,000,000), to be satisfied by CCT Tech by the allotment and issue of the Redeemable CPS for the purchase of the Sale Shares from the Vendor.

Subscription Consideration

Subject to Completion, the Subscription Consideration of US$20,000,000 (equivalent to approximately HK$156,000,000) is payable by CCT Tech to the Target Company in cash in the following manner:

(1) upon the execution and delivery to CCT Tech of the MIV Share Charge by the Vendor in favour of CCT Tech, a refundable deposit of US$1,000,000 (equivalent to approximately HK$7,800,000) (the "**Deposit**") was paid by CCT Tech into the designated bank account of the Target Company or the Vendor within 2 Business Days from the date of the S&P Agreement, and the Vendor and the Target Company provided to CCT Tech an official receipt of US$1,000,000 (equivalent to approximately HK$7,800,000) as payment of the deposit for the InnoMed Cash Consideration from the InnoMed Owner within 1 Business Day from the date of payment of the Deposit;

(2) subject to the persons designated by CCT Tech having been appointed to be all of the authorised signatories to operate the Designated Account, a further payment of US$11,000,000 (equivalent to approximately HK$85,800,000) (the "**Second Payment**") will be payable by CCT Tech into the Designated Account within 3 Business Days of the Completion Date; and

(3) the balance of US$8,000,000 (equivalent to approximately HK$62,400,000) (the "**Third Payment**") will be paid by CCT Tech into the Designated Account within one year of the Completion Date.

If, for whatever reasons, the S&P Agreement lapses or is otherwise terminated before Completion, the Vendor will pay or cause to be paid to CCT Tech within 3 Business Days of the lapse or termination of the S&P Agreement, an amount equal to the Deposit into the bank account of CCT Tech as designated in writing by CCT Tech.

If the S&P Agreement is terminated or lapsed, appropriate announcement will be made by CCT Tech and the Company on the date of termination.

Use of the Subscription Consideration

The Vendor and the Target Company jointly and severally undertake to CCT Tech and (in the cases of the Second Payment and the Third Payment) CCT Tech undertakes to the Vendor and the Target Company that CCT Tech will, after Completion, use its reasonable endeavours to procure the Target Company to:

(1) apply the Deposit as payment of the deposit for the InnoMed Cash Consideration to the InnoMed Owner in accordance with the InnoMed Share Purchase Agreement;

(2) apply the Second Payment as follows:

    (a) as to US$4 million (equivalent to approximately HK$31,200,000) for satisfying the balance of the InnoMed Cash Consideration payable by the Target Company to the InnoMed Owner in accordance with the InnoMed Share Purchase Agreement;

(b) up to US$3 million (equivalent to approximately HK$23,400,000) to be remitted by the Target Company to the Vendor within a period of 5 Business Days following the day on which the Vendor provides evidence reasonably satisfactory to CCT Tech that CE Marking for the Specified Product for the European Union has been obtained by the Target Company as reimbursement of costs and expenses incurred and paid by the Vendor for obtaining the aforesaid CE Marking, subject to production of invoices to evidence the costs and expenses incurred and receipt, where available, for payment thereof; and

(c) as to the balance of the Second Payment as working capital of the Shanghai Companies by way of either increasing and contributing to the registered capital of the Shanghai Companies or shareholder's loans; and

(3) apply the Third Payment as follows:

(a) as to US$5 million (equivalent to approximately HK$39,000,000) for the purpose of obtaining approvals of the SFDA and the other relevant Governmental Authorities in the PRC and human trial of the Specified Product in the PRC; and

(b) as to the balance as working capital of the Target Group or to be used in such other manner as CCT Tech and the Key Management may agree.

Purchase Consideration

Subject to Completion, the Purchase Consideration will be satisfied by CCT Tech by the allotment and issue of 3,466,700,000 Redeemable CPS (the "**Consideration Shares**") credited as fully paid upon issue, at the subscription price of HK$0.18 each as follows:

(1) 650,000,000 Redeemable CPS will, subject to the Lock-Up Undertakings and the InnoMed Owner CPS Charge described in the section headed "Lock-up Undertakings and the Charge on the Redeemable CPS" below, be allotted and issued to the InnoMed Owner and on such day as provided in the InnoMed Share Purchase Agreement to satisfy the InnoMed Non-Cash Consideration;

(2) 390,010,000 Redeemable CPS will, subject to the Lock-up Undertakings and the Vendor CPS Charge described in the section headed "Lock-up Undertakings and the Charge on the Redeemable CPS" below, be allotted and issued to the Vendor on the fifth Business Day following the day on which the Vendor provides evidence reasonably satisfactory to CCT Tech that CE Marking for the Specified Product for the European Union has been obtained by the Target Company, which is expected to happen within 12 months of Completion;

(3) 1,040,010,000 Redeemable CPS will, subject to the Lock-up Undertakings and the Vendor CPS Charge, be allotted and issued to the Vendor on the fifth Business Day following the day on which the Vendor provides evidence reasonably satisfactory to CCT Tech that the SFDA has granted approval to Shanghai Ying Sheng for the Specified Product in the PRC, which is expected to happen within 24 months of Completion;

(4) 1,386,680,000 Redeemable CPS will, subject to the Lock-up Undertakings and the Vendor CPS Charge, be allotted and issued to the Vendor on the fifth Business Day following the day on which the audited annual consolidated financial statements of the Target Group prepared in accordance with HK GAAP and audited by the auditors of CCT Tech, for any financial year ending on or before 31 December 2012 are delivered to CCT Tech and such accounts show that the audited annual Consolidated Net Profit After Tax of the Target Group is at least HK$70 million;

(5) notwithstanding paragraphs (2), (3) and (4) above, if (a) the events set forth in both paragraphs (2) and (4) occur as provided therein but the event set forth in paragraph (3) fails to occur; or (b) the events set forth in both paragraphs (3) and (4) occur as provided therein but the event set forth in paragraph (2) fails to occur, the batch of the Redeemable CPS not yet issued because the event attributable to that batch of Redeemable CPS in either paragraph (2) or paragraph (3) has not occurred, will become issuable to the Vendor on or before fifth Business Days following the date on which the two events specified in (a) or (b) above have been satisfied, notwithstanding that one but only one out of the two events set out in either paragraph (2) or paragraph (3) fails to occur as described therein; and

(6) if the event set out in paragraph (4) above fails to occur as described therein by 1 April 2013, all those Redeemable CPS not yet issued under any one, two or all of paragraphs (2) to (4) above due to the event(s) set out in that paragraph or those paragraphs above failing to occur, the Vendor agrees that those Redeemable CPS attributable to the event or events set out in any one, two or all of the paragraphs (2) to (4) above that has or have not occurred, will not be issuable to the Vendor and the obligation of CCT Tech under the S&P Agreement to issue such Redeemable CPS shall cease and neither the Vendor nor other interested party shall have any claim against CCT Tech in respect thereof.

The Redeemable CPS carry the right to convert into the CCT Tech Ordinary Shares at the Conversion Ratio on a one to one basis (subject to adjustment in the future event of a consolidation or sub-division of the CCT Tech Ordinary Shares but not otherwise) and with the rights and benefits and subject to restrictions set out in the sub-section headed "Rights, benefits and restrictions on conversion of the Redeemable CPS" below.

The issue price of the Redeemable CPS at HK$0.18 each represents:

(a) a premium of approximately 28.57% to the adjusted closing price of HK$0.14 per CCT Tech Ordinary Share, based on the closing price of HK$0.014 per CCT Tech Existing Share as quoted on the Stock Exchange immediately before the suspension of trading on the Last Trading Date and adjusted for the effect of the Capital Reorganisation;

(b) a premium of approximately 28.57% to the adjusted average closing price of approximately HK$0.14 per CCT Tech Ordinary Share, based on the average closing price of approximately HK$0.014 per CCT Tech Existing Share as quoted on the Stock Exchange immediately for the five consecutive trading days up to and including the Last Trading Date and adjusted for the effect of the Capital Reorganisation;

(c) a premium of approximately 28.57% to the adjusted average closing price of approximately HK$0.14 per CCT Tech Ordinary Share, based on the average closing price of approximately HK$0.014 per CCT Tech Existing Share as quoted on the Stock Exchange immediately for the 10 consecutive trading days up to and including the Last Trading Date and adjusted for the effect of the Capital Reorganisation;

(d) a premium of approximately 28.57% to the adjusted average closing price of approximately HK$0.14 per CCT Tech Ordinary Share, based on the average closing price of approximately HK$0.014 per CCT Tech Existing Share as quoted on the Stock Exchange immediately for the 30 consecutive trading days up to and including the Last Trading Date and adjusted for the effect of the Capital Reorganisation;

(e) a premium of approximately 38.46% to the adjusted average closing price of approximately HK$0.13 per CCT Tech Ordinary Share, based on the average closing price of approximately HK$0.013 per CCT Tech Existing Share as quoted on the Stock Exchange immediately for the 60 consecutive trading days up to and including the Last Trading Date and adjusted for the effect of the Capital Reorganisation;

(f) a premium of approximately 28.57% to the adjusted closing price of HK$0.14 per CCT Tech Ordinary Share, based on the closing price of HK$0.014 per CCT Tech Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation; and

(g) a premium of approximately 63.64% to the unaudited adjusted consolidated net asset value of approximately HK$0.11 per CCT Tech Ordinary Share as at 30 June 2010, as adjusted for the effect of the Capital Reorganisation.

The issue price of the Redeemable CPS was arrived at arm's length negotiation between CCT Tech and the Vendor with reference to the market price of the CCT Tech Existing Shares and adjusted for the effect of the Capital Reorganisation. In view of the potential benefits of the Transactions to the CCT Tech Group (as more particularly described in the section headed "Reasons for the Transactions" below), the CCT Tech Directors consider that the issue price of the Redeemable CPS of HK$0.18 each, which represents a premium of approximately 28.57% to the adjusted closing price of the CCT Tech Ordinary Shares as at the Last Trading Date is fair and reasonable and in the interests of CCT Tech and the CCT Tech Shareholders as a whole. The issue price per share for the Redeemable CPS represent a premium of approximately 63.64% to the adjusted unaudited consolidated net asset value of CCT Tech per share. Such premium is considered to be significant and is beneficial to the CCT Tech Shareholders.

Basis of determination of the Consideration

The Consideration was arrived at after arm's length negotiations amongst the Vendor, the Target Company and CCT Tech on normal commercial terms with reference to the following: (a) the future prospects and growth of the Medical Device Business; (b) the potential growth of the worldwide medical device market, especially in the PRC fueled by the recent PRC government's new healthcare reform initiative and concurrent significant expansion of government financial support for the healthcare system; (c) as a condition precedent to the S&P Agreement, the valuation of the Target Group will not be less than US$150 million, which shows that the Consideration is at a discount of approximately 33.33% to the

valuation; and (d) pursuant to the terms of the S&P Agreement, the protection of the interests of CCT Tech, the Company, the CCT Tech Shareholders and the Shareholders by: (i) payment of the Subscription Consideration by installments over a period of one year from Completion; (ii) allotment and issue of the Redeemable CPS in batches upon occurrences of certain milestones to be achieved by the Target Group; (iii) the Lock-up Undertakings and the Charge on the Redeemable CPS; and (iv) the Put Option.

Information on the Target Group and the Specified Product has been set out in the section headed "Information on the Target Group" below. If the SFDA approval is not granted on the Specified Product, the Target Group will not be able to sell the Specified Product in the PRC and its business may then be adversely affected. However, the Target Group may still manufacture the Specified Product in the PRC (after obtaining by the Target Group of the applicable medical device manufacturing and operation permits and export certificate in the PRC) for export sale to overseas countries such as Europe after the CE Marking is obtained. Irrespective of whether the SFDA approval on the Specified Product is obtained or not, the Target Group may manufacture and sell other medical device products such as coronary and peripheral vascular dilatation balloon and catheter in the PRC, subject to obtaining SFDA approval on such products. The application for the SFDA approval in respect of the Specified Product is a lengthy process and it is expected that the SFDA approval in respect of the Specified Product may be granted within 24 months from the Completion Date under normal circumstances. As such, the SFDA approval in respect of the Specified Product is not a condition precedent to the Completion.

As disclosed in the sub-section headed "Purchase Consideration" in this section, the Purchase Consideration will be satisfied by the allotment and issue of the 3,466,700,000 Redeemable CPS, in batches upon achievement of various milestones by the Target Group, which includes obtaining the CE Marking in respect of the Specified Product, the SFDA approval in respect of the Specified Product and the profit guarantee, as specified in paragraphs (2), (3) and paragraph (4) respectively in the sub-section headed "Purchase Consideration" above. As such, the amount of the Purchase Consideration will be reduced if the respective events specified in paragraphs (2), (3) and (4) do not occur, unless the circumstances as specified in paragraph (5) in the sub-section headed "Purchase Consideration" above occur. Furthermore, in the event that the profit guarantee as described in the above-mentioned paragraph (4) is not achieved, the Put Option will become exercisable which entitles CCT Tech to require the Vendor to acquire all but not part of the interest in the Target Group at the Option Price, which is equivalent to that part of the Consideration already paid or satisfied by CCT Tech as at the date of the Option Completion Date. In addition, the Redeemable CPS to be issued to the Vendor and the InnoMed Owner will be subject to the Lock-up Undertakings and the Charge in order to secure the obligations of the Vendor and the Target Company, including those obligations under the Put Option, pursuant to the terms of the S&P Agreement.

In light of the above, the CCT Tech Directors consider that the Transactions represent a good opportunity for the CCT Tech Group which forms part of the Group to enter into the medical and healthcare business with huge potential and good future prospect. The CCT Tech Directors and the Directors consider that the terms of the S&P Agreement provide sufficient protection of the interests of both the CCT Tech Shareholders and the Shareholders. The CCT Tech Directors and the Directors are therefore of the opinion that the Consideration and the terms of the S&P Agreement are fair and reasonable and on normal commercial terms and in the interests of CCT Tech and the Company and their respective shareholders as a whole.

Vendor's guarantee

The Vendor has guaranteed all the obligations of the Target Company under the S&P Agreement.

Lock-up Undertakings and the Charge on the Redeemable CPS

(1) Each of the Vendor and the Target Company jointly and severally agrees and undertakes to CCT Tech that it will:

(a) procure that the InnoMed Owner will not convert or exercise the conversion rights attaching to such number of the Redeemable CPS issued to them pursuant to S&P Agreement set out in the first column of the table below or offer, pledge, charge, whether fixed or floating, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, all or any of such number of the Redeemable CPS or any rights attaching thereto and will charge in favour of CCT Tech such number of the Redeemable CPS under the InnoMed Owner CPS Charge during the lock-up period commencing from the date of issue of such Redeemable CPS up to the date set out against such number of the Redeemable CPS in the second column of the table below (both dates inclusive):

(1) Number of Redeemable CPS	**(2) Date**
162,500,000	31 December 2011
162,500,000	31 December 2012
325,000,000	31 August 2013

(b) subject to paragraph (2) below, not convert or exercise the conversion rights attaching to the Redeemable CPS issued to the Vendor pursuant to the S&P Agreement or offer, pledge, charge, whether fixed or floating, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, all or any of such Redeemable CPS or any rights attaching thereto and charge such Redeemable CPS in favour of CCT Tech under the Vendor CPS Charge during the lock-up period commencing from the date of issue of such Redeemable CPS up to 31 August 2013 provided that such number of the Redeemable CPS as equal to 4% of each batch of the Redeemable CPS issued to the Vendor as a result of the occurrence of the event described under each of paragraphs (2), (3) and (4) under the sub-section headed "Purchase Consideration" above will not be subject to the restriction in this paragraph unless the Redeemable CPS are issued to the Vendor pursuant to paragraph (5) set out in the sub-section headed "Purchase Consideration" in which event, all the Redeemable CPS attributable to the event described in either paragraph (2) or paragraph (3) under the sub-section headed "Purchase Consideration" which has not occurred will be subject to the Lock-up Undertakings and the Charge in this paragraph.

The charge of the Redeemable CPS as set out above is to secure the obligations of the Vendor and the Target Company, including the Put Option, pursuant to the terms of the S&P Agreement.

(2) Releases

Notwithstanding anything to the contrary in paragraph (1)(a) and (b) of this sub-section, all the Redeemable CPS issued to the Vendor and the InnoMed Owner respectively under paragraphs (1), (2), (3) and (4) of the sub-section headed "Purchase Consideration" will forthwith be released from the Vendor CPS Charge and the InnoMed Owner CPS Charge and not be subject to the Lock-up Undertakings in paragraph (1)(a) and (b) of this sub-section if all the events set forth in paragraphs (2), (3) and (4) of the sub-section headed "Purchase Consideration" have occurred on or before 31 March 2013.

Rights, benefits and restrictions on conversion of the Redeemable CPS

On Completion, the share capital of CCT Tech will comprise the CCT Tech Ordinary Shares and the Redeemable CPS. The Redeemable CPS can be converted into CCT Tech Ordinary Shares at the Conversion Ratio on a one to one basis upon exercise of the conversion right attaching to the Redeemable CPS. The Conversion Ratio will only be adjusted where there is an alteration to the nominal value of a CCT Tech Ordinary Share as a result of consolidation or sub-division of the CCT Tech Ordinary Shares. Save for the foregoing, the Conversion Ratio will not be subject to any other adjustment event.

The rights, benefits and restrictions of the Redeemable CPS will be set out in the Resolution and a summary of which is set out below:

Issuer	:	CCT Tech
Issue price	:	HK$0.18 per Redeemable CPS
Conversion Ratio	:	Each Redeemable CPS carries the right to convert into one CCT Tech Ordinary Share (subject to adjustment only in the event of an alteration to the nominal value of the CCT Tech Ordinary Shares as a result of consolidation or sub-division of the CCT Tech Ordinary Shares and not otherwise).
Dividend	:	Holders of the Redeemable CPS are not entitled to any dividend payment or any distribution (including bonus issue) of CCT Tech.
Lock-up Undertakings and conversion	:	Pursuant to the S&P Agreement, conversion of the Redeemable CPS into CCT Tech Ordinary Shares are subject to the Lock-up Undertakings as elaborated in the sub-section headed "Lock-up Undertakings and the Charge on the Redeemable CPS" above.

Subject to the Lock-up Undertakings, a holder shall have the right ("**Conversion Right**") to convert the Redeemable CPS, in whole or in part, during the Conversion Period, each Redeemable CPS into one CCT Tech Ordinary Share at the Conversion Ratio. If the exercise of the Conversion Right by a holder of the Redeemable CPS would result in (a) a holder of the Redeemable CPS and parties acting in concert with it, taken together, directly or indirectly, controlling or being interested in 30% or more of the entire issued voting share capital of CCT Tech (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) as at the date of conversion unless either (i) the holder and parties acting in concert with it comply with the Takeovers Code and make a general offer to acquire for all the CCT Tech Ordinary Shares not already owned by them; or (ii) a whitewash waiver to waive the requirement for the holder and parties acting in concert with it to make the mandatory general offer is approved by the Independent CCT Tech Shareholders and is granted by the Executive pursuant to the Takeovers Code before the date of completion of the conversion; or (b) CCT Tech not meeting requirements under the Listing Rules that not less than 25% or the minimum percentage as set out in the Listing Rules from time to time shall be held by the public (the "**Public Float Requirement**") immediately after the conversion, then the number of CCT Tech Ordinary Shares to be issued pursuant to conversion will be limited to the maximum number of CCT Tech Ordinary Shares issuable by CCT Tech which would not result in a breach of the Public Float Requirement or a mandatory general offer being triggered under the Takeovers Code (as the case may be). The balance of the Conversion Right attached to the Redeemable CPS which the holder of the Redeemable CPS sought to convert will be suspended until such time when CCT Tech is able to issue new CCT Tech Ordinary Shares in satisfaction of the exercise of the said balance of the Conversion Right in compliance with the Public Float Requirement or without triggering a mandatory general offer under the Takeovers Code or the general offer is made by the holder and parties acting in concert with it or a whitewash waiver is approved and granted as set out above.

Save as disclosed above and the Lock-up Undertakings, the Redeemable CPS is not subject to other conversion restrictions.

Conversion period	:	Perpetual as from the date of issue.
Transferability	:	Subject to the Lock-up Undertakings elaborated in the sub-section headed "Lock-up Undertakings and the Charge on the Redeemable CPS", the Redeemable CPS are freely transferable from the date of issue.
Voting right	:	Holders of the Redeemable CPS will be entitled to receive notices of and attend any shareholders' meeting of CCT Tech but will not be entitled to vote at any shareholders' meeting of CCT Tech by reason only of being holders of the Redeemable CPS save where the resolutions in question relate to the dissolution or winding up of CCT Tech or variation or abrogation of the rights attaching to the Redeemable CPS in which cases the holders of the Redeemable CPS will have the same voting rights as those attaching to the CCT Tech Ordinary Shares on an as-converted basis.
Ranking	:	Rank in priority to the CCT Tech Ordinary Shares as to a return of capital on a winding up or otherwise up to the aggregate of the amounts paid up or credited as paid up on all outstanding Redeemable CPS. The Conversion Shares will, upon issue, rank pari passu in all respects with all other CCT Tech Ordinary Shares in issue.
Redemption	:	(a) Without prejudice to the power of CCT Tech to repurchase the Redeemable CPS in accordance with the bye-laws of CCT Tech, the Redeemable CPS are not redeemable except by CCT Tech at its sole and absolute discretion in accordance with the provisions of the Resolution or in accordance with the provisions of the S&P Agreement. (b) CCT Tech may redeem, from any source of funds legally available therefore, the Redeemable CPS at any time by paying in cash or in kind in exchange for the Redeemable CPS to be redeemed a sum equal to its issue price of HK$0.18 each (subject to adjustment only in the event of an alteration to the nominal value of the CCT Tech Ordinary Shares as a result of consolidation or sub-division of the CCT Tech Ordinary Shares and not otherwise). Without prejudice to the foregoing, the Redeemable CPS may be redeemed by CCT Tech upon exercise of the Put Option in accordance with the provisions of the S&P Agreement.

(c) A holder of the Redeemable CPS has no right to demand repayment or redemption of any part or whole of the Redeemable CPS.

Listing : No listing of the Redeemable CPS will be sought on the Stock Exchange or on any other stock exchanges. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon the exercise of the conversion rights attaching to the Redeemable CPS.

The Conversion Shares to be issued upon conversion of the Redeemable CPS will be issued under a specific mandate of CCT Tech.

As illustrated in the chart of CCT Tech's shareholding immediately after completion of the Capital Reorganisation, Placing, Completion and full conversion of all the 3,466,700,000 Redeemable CPS under the section headed "Shareholding Chart of CCT Tech" of this letter, the Company will continue to be the single largest shareholder of CCT Tech after full conversion of all the 3,466,700,000 Redeemable CPS. The InnoMed Owner, the Vendor and their respective ultimate beneficial owners are independent of each other. Furthermore, neither the InnoMed Owner nor the Vendor will appoint any person to be a CCT Tech Director upon Completion. As such, neither issue nor conversion of the Redeemable CPS will result in any change of control of CCT Tech.

Conditions precedent to the S&P Agreement

Completion of the S&P Agreement is conditional upon the fulfillment (or the waiver as the case may be) of the following conditions on or before the Long Stop Date:

(a) CCT Tech having been satisfied with the results of due diligence conducted on the Target Group;

(b) CCT Tech having received a valuation report addressed to the respective board of directors of CCT Tech and the Company and prepared and issued by a competent valuer showing the valuation of the Target Group of not less than US$150 million;

(c) implementation and completion of the Shanghai Ying Sheng Equity Transfer Agreement;

(d) CCT Tech having received legal opinions in the form and substance satisfactory to it from the Vendor's legal counsel covering, among others, the following matters:

(i) the due incorporation and valid subsistence of each of the group companies under the Target Group under the laws of its incorporation or establishment;

(ii) each of the Shanghai Companies is a wholly-owned subsidiary of InnoMed and the entire registered capital of each of the Shanghai Companies is registered in the name of InnoMed;

(iii) Upon Completion, InnoMed will be a wholly-owned subsidiary of the Target Company and the entire issued capital of InnoMed is legally and beneficially owned by and registered in the name of the Target Company;

(iv) upon Completion, the Target Company will be a wholly-owned subsidiary of CCT Tech or its designated nominee(s) and all the outstanding shares of the Target Company will be owned by and registered in the name of CCT Tech or its designated nominee(s);

(v) all the Patents are valid and subsisting and registered in the name of the Target Company; and

(vi) each of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement is legal, valid and binding and enforceable in accordance with its terms against the parties thereto and the Shanghai Ying Sheng Equity Transfer Agreement having been duly completed in accordance with the terms of the agreement and the relevant PRC laws and approved by the relevant Governmental Authorities in the PRC;

(e) the warranties provided by the Vendor and the Target Company in the S&P Agreement remaining true and accurate in all respects and not misleading in any respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date;

(f) CCT Tech being satisfied that, from the date of the S&P Agreement to the Completion Date, there has not occurred any event or there has not been any change of circumstances which have a material adverse effect on any member of the Target Group and the Patents;

(g) no notice, order, judgment, action or proceeding of any court, arbitrator, Governmental Authorities, statutory or regulatory body having been served, issued or made which restrains, prohibits or makes unlawful any transactions contemplated by the S&P Agreement or which is reasonably likely to materially and adversely affect the right of CCT Tech to own the legal and beneficial title to the Sale Shares and the Subscription Shares, free from encumbrances, following the Completion Date;

(h) other than the approvals in paragraphs (j) to (m) below, all necessary approvals and consents required to be obtained by any respective member of the Target Group and/or the CCT Tech Group from any Governmental Authority or other third party in respect of the S&P Agreement and/or the transactions contemplated thereunder being obtained unconditionally or irrevocably, or where such approval or consent is given subject to conditions, on such conditions as are acceptable to CCT Tech acting reasonably;

(i) the successful raising of funds by CCT Tech of not less than US$30 million (or its HK$ equivalent) by way of the Placing;

(j) the approval by the CCT Tech Shareholders at the CCT Tech SGM of the Capital Reorganisation and the Resolution;

(k) the approval by the CCT Tech Shareholders at the CCT Tech SGM of (i) the S&P Agreement, the Transactions and any other transactions contemplated under the S&P Agreement; (ii) the allotment and issue of the Redeemable CPS; and (iii) the allotment and issue of the CCT Tech Ordinary Shares upon exercise of the conversion right attaching to the Redeemable CPS, all in accordance and compliance with the Listing Rules;

(l) the approval by the Shareholders at the SGM of (a) the S&P Agreement, the Transactions and any other transactions contemplated under the S&P Agreement; and (b) the disposal and deemed disposal arising from the allotment and issue of the CCT Tech Existing Shares or the CCT Tech Ordinary Shares upon completion of the Placing and the allotment and issue of the CCT Tech Ordinary Shares upon the exercise of the conversion right attaching to the Redeemable CPS respectively, which constitutes a very substantial disposal or a possible very substantial disposal respectively for the Company under the Listing Rules, all in accordance and compliance with the Listing Rules; and

(m) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in on the Stock Exchange, (i) the new CCT Tech Existing Shares or new CCT Tech Ordinary Shares to be placed under the Placing; (ii) the CCT Tech Ordinary Shares in issue arising from the Capital Reorganisation; and (iii) the allotment and issue of the CCT Tech Ordinary Shares upon exercise of the conversion right attaching to the Redeemable CPS.

As at the Latest Practicable Date, the condition precedent set out in paragraph (b) has been satisfied. CCT Tech may, in its absolute discretion, waive in whole or in part and conditionally or unconditionally any of the conditions precedent set out in paragraphs (a) to (b) and paragraphs (d) to (h) at any time by specific notice in writing to such effect to the Vendor and the Target Company. In exercising the right of waiver, the CCT Tech Board will act in the interest of CCT Tech and its shareholders as a whole and will only waive any conditions precedent on minor issues or on issues that will not affect the substance of the Transactions. As at the Latest Practicable Date, to the best knowledge of the Directors, CCT Tech has no present intention to waive any conditions precedent of the S&P Agreement. In the event that any of the conditions precedent shall not have been fulfilled or waived on or before the Long Stop Date, the S&P Agreement shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the S&P Agreement.

Completion of the S&P Agreement

The InnoMed Share Purchase Agreement and the S&P Agreement will be completed simultaneously at Completion, on the Completion Date. The S&P Agreement will lapse if the conditions precedent are not fulfilled or waived (as the case may be) by the Long Stop Date. In the event that the Completion of the S&P Agreement has not taken place by the Long Stop Date, further announcement will be made by CCT Tech and the Company.

The Put Option

In consideration of the sum of HK$1.00 paid by CCT Tech to the Vendor, subject to Completion, the Vendor has agreed to grant to CCT Tech the right (the "**Put Option**") to require the Vendor to acquire all but not part of the Sale Shares and the Subscription Shares (together with the Target Company's interest in its subsidiaries engaged in the Medical Device Business) from CCT Tech at the Option Price. Principal terms of the Put Option are described below:

Term	:	From the Completion Date to 31 August 2013 (both dates inclusive).
Exercise Period	:	From 1 April 2013 to 25 July 2013 (both dates inclusive).
Exercise of the Put Option	:	The Put Option will become exercisable by CCT Tech in the event that the audited annual Consolidated Net Profit After Tax of the Target Group as shown in the consolidated financial statements of the Target Group prepared under the HK GAAP audited by the auditors of CCT Tech does not exceed HK$70 million for any financial year ended on or before 31 December 2012.
Option Completion Date	:	10:00 a.m. (Hong Kong time) on the second Business Day next following the date on which all the conditions set out below are satisfied or waived in accordance with the S&P Agreement or such other time and date as may be agreed between CCT Tech and the Vendor in writing, on which completion of the exercise of the Put Option will take place.
Conditions for completion of the exercise of the Put Option	:	Completion of the exercise of the Put Option is conditional upon, amongst others, (a) compliance with the Listing Rules, the bye-laws of CCT Tech and the Companies Act and the approval of the Independent CCT Tech Shareholders at a special general meeting of CCT Tech of (i) the transfer of the Sale Shares and the Subscription Shares to the Vendor; and (ii) (where required) the redemption of those Redeemable CPS at the price of HK$0.18 per each Redeemable CPS in accordance with paragraph (a)(i) of the term headed "Settlement of Option Price" below; and (b) any other conditions as required by the relevant laws and regulations. CCT Tech will comply with the announcement, reporting and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules at the time when the Put Option is exercised.

In the event that any of the above conditions is not fulfilled or waived, as the case may be, completion of the redemption of the Redeemable CPS and the transfer of the Sale Shares and the Subscription Shares pursuant to the exercise of the Put Option will not be proceeded. In such case, CCT Tech may, subject to compliance with the Companies Act, sell, transfer or dispose of or otherwise deal with the whole or any part of the outstanding Redeemable CPS in accordance with the terms of the Vendor CPS Charge and/or the InnoMed Owner CPS Charge (as the case may be) and the Vendor will assist and will execute and will procure the InnoMed Owner (as the case may be) to execute any transfer instruments as required to enable CCT Tech to sell, transfer, or dispose of or otherwise deal with the whole or any part of the Redeemable CPS.

Option Price : The Option Price will comprise the following:

(a) HK$156 million in cash (the "**Cash Option Consideration**"); and

(b) an amount (the "**Non-cash Option Consideration**") equal to the multiple of:

(i) the aggregate number of the Consideration Shares issued by CCT Tech during the period from the date of the S&P Agreement to the Option Completion Date, regardless of whether the Redeemable CPS remain subject to the Lock-up Undertakings, the InnoMed Owner CPS Charge or the Vendor CPS Charge, or have already been converted into CCT Tech Ordinary Shares; and

(ii) HK$0.18.

Settlement of Option Price : (a) The Non-cash Option Consideration will be satisfied by:

(i) the Vendor delivering to CCT Tech on or before the Option Completion Date all outstanding Redeemable CPS which, as at the Option Completion Date, remain subject to the Lock-up Undertakings and/or the InnoMed Owner CPS Charge and the Vendor CPS Charge, for redemption at the price of HK$0.18 per each Redeemable CPS to be redeemed, which will be off-set against part of the Non-cash Option Consideration; and

(ii) the Vendor paying CCT Tech in cash within 3 months from the Option Completion Date an amount equal to the Non-cash Option Consideration after deducting an amount equal to the multiple of the number of Redeemable CPS delivered to CCT Tech for redemption and cancellation above and HK$0.18. The Vendor will pay the funds to the bank account of CCT Tech designated in writing by CCT Tech.

(b) The Cash Option Consideration will be payable by the Vendor to CCT Tech in cash within 3 months from the Option Completion Date and the funds will be remitted to the bank account of CCT Tech designated in writing by CCT Tech.

Completion of the exercise of the Put Option : (a) Completion of the redemption of the Redeemable CPS pursuant to the exercise of the Put Option will take place on the Option Completion Date. At completion of the redemption of the Redeemable CPS, the certificates and transfer instrument(s) duly executed by the Vendor and the InnoMed Owner in respect of the transfer of the redeemed Redeemable CPS to CCT Tech will be delivered to CCT Tech for cancellation.

(b) The Vendor will settle those parts of the Option Price set out in paragraphs (a)(ii) and (b) under the term headed "Settlement of Option Price" above in cash to CCT Tech in accordance with the provisions set out under the term headed "Settlement of Option Price" above.

(c) On the Option Completion Date, CCT Tech may cause, and the Vendor will procure, that such directors, officers and managers be removed from the offices at the Target Group and the bank mandates of the Target Group be altered as CCT Tech may in its absolute discretion direct.

(d) Upon compliance by the Vendor of its obligations under paragraphs (a) and (b) above and subject to all the conditions set forth in the term headed "Conditions for completion of the exercise of the Put Option" above having been fulfilled or waived, as the case may be, CCT Tech will transfer the title of the Sale Shares and the Subscription Shares and will deliver to the Vendor, in respect of the Sale Shares and the Subscription Shares, (i) the existing share certificate(s) issued in the name of CCT Tech or its nominee(s); and (ii) transfer instrument(s) duly executed by CCT Tech or its nominee(s) in respect of the transfer of the Sale Shares and the Subscription Shares to the Vendor.

Listing : No application will be made for the listing of the Put Option on the Stock Exchange or any other stock exchanges.

INFORMATION ON THE TARGET GROUP

To the best of the CCT Tech Directors' knowledge, information and belief, having made all reasonable enquiries, the following set out the information relating to the Target Group:

The Target Company was incorporated in the BVI on 15 September 2010 and its principal business is investment holding. The Target Company owns the Patents indicated below, which relate to cardiovascular medical devices and coronary stents. A summary of the Patents (none of which have issued or granted yet) is set out below:

Title	Countries in which patent applications have been filed and in which patent applications have been transferred to the Target Company
Compositions Formulated for Solvent-Regulated Drug Release	Canada
Electrolyte Solution and Method for Electrolytic Co-Deposition of Thin Film Calcium Phosphate and Drug Composites	Canada
Coatings for Implantable Medical Devices for Liposome Delivery	USA, Canada, and Europe
Lipid Coatings for Implantable Medical Devices	USA, Canada, Europe, China, India, and Japan
Calcium Phosphate Coated Stents Comprising Cobalt Chromium Alloy	USA, Canada, Europe, China, India, and Japan
Method of Coating Medical Devices	USA, Canada, Europe, China, India, and Japan

Products developed by the Target Company

The stent system developed by the Target Company is hydroxyapatite and nonpolymer-based drug-eluting cobalt-chromium stent system (the "**Specified Product**"). Based on articles and research reports in scientific journals, the stent system developed by the Target Group is considered to be an advanced technology for the drug-eluting coronary delivery system, and based on four years of human clinical trial results, has been proved to be feasible and safe. The Target Company has conducted animal and human tests of the Specified Product in the USA, Brazil and European Union and such tests show satisfactory results. The Target Company is in the process of applying for CE Marking for the Specified Product, which is expected to be granted to the Target Company within one year from the Completion Date. Once the CE Marking is obtained and once the applicable medical device manufacturing and operation permits and export certificate from SFDA are obtained by the Target Group, the Target Group can manufacture the Specified Product in the PRC for export sale to those countries which accept the CE Marking certification, including the European Union. The Target Company has executed the InnoMed Share Purchase Agreement with the InnoMed Owner and Mr. Hu to acquire 100% equity interest in InnoMed at the InnoMed Consideration, which will be satisfied out of the Consideration. The InnoMed Share Purchase Agreement will be completed simultaneously with the S&P Agreement on the Completion Date.

InnoMed was incorporated in Hong Kong on 10 March 2005. InnoMed holds 100% equity interest in Shanghai Ying Zhong and has also executed the Shanghai Ying Sheng Equity Transfer Agreement with Mr. Hu to acquire 100% equity interest in Shanghai Ying Sheng from Mr. Hu.

Shanghai Ying Zhong was established in the PRC on 27 November 2008, the entire equity interest in which is owned by InnoMed as at the date of the S&P Agreement. Shanghai Ying Zhong's current business license (營業執照) is valid from 14 May 2009 to 26 November 2010 and the company is currently in the process of applying for the renewal of the business license with the relevant Governmental Authority in the PRC. Shanghai Ying Zhong does not anticipate any legal impediment in getting the business license renewed. Shanghai Ying Zhong has not commenced business since incorporation and has no revenue. Shanghai Ying Zhong will be engaged in the marketing and sale of medical devices, including the Specified Product.

Shanghai Ying Sheng was established in the PRC on 26 December 2005, the entire equity interest in which is owned by Mr. Hu as at the Latest Practicable Date. Shanghai Ying Sheng's current business license is valid from 26 December 2005 to 25 December 2035. Mr. Hu has entered into the Shanghai Ying Sheng Equity Transfer Agreement with InnoMed, pursuant to which, Mr. Hu will transfer the entire equity interest in Shanghai Ying Sheng to InnoMed. The Shanghai Ying Sheng Equity Transfer Agreement will be completed before Completion. Shanghai Ying Sheng owns a medical device factory in Shanghai capable of manufacturing vascular devices and other medical devices. The PRC has strictly stipulated the entrance system of medical device and pharmaceutical products. The Transactions enable the CCT Tech Group to enter into the medical and healthcare market smoothly and obtain qualification of production and sale for cardiovascular medical device. After Completion, Shanghai Ying Sheng will apply for the medical device manufacturing and operation permits from SFDA. Once the medical device manufacturing and operation permits from the SFDA is obtained, the Target Group will be permitted to manufacture medical device products in the PRC.

After Completion, and after obtaining the applicable human test registration from the SFDA, Shanghai Ying Sheng will conduct animal and human tests on the Specified Product in the PRC for the purpose of applying for the registration and approval from the SFDA in respect of the Specified Product, which approval is expected to be granted to Shanghai Ying Sheng within 24 months from the Completion Date. Once the registration and approval in respect of the Specified Product is obtained from the SFDA and after the medical device manufacturing and operation permits from SFDA is obtained, the Target Group will be permitted to manufacture and sell the Specified Product in the PRC. Before the SFDA approval on the Specified Product is obtained, the Target Group will manufacture and sell other medical device products such as coronary and peripheral vascular dilatation balloon and catheter in the PRC, subject to obtaining the SFDA approval on such products.

The unaudited book value of the total combined net assets of the Target Group as shown in the unaudited combined accounts of the Target Group as at 12 October 2010 is approximately HK$618 million, which has taken into account of the fair value of the Patents of approximately HK$624 million transferred from the Vendor to the Target Company on 6 October 2010.

The unaudited combined net loss before taxation and extraordinary items of the Target Group for each of the two financial years ended 31 December 2008 and 2009 is approximately HK$1 million and approximately HK$3 million respectively. The unaudited combined net loss after taxation and extraordinary items of the Target Group for each of the two financial years ended 31 December 2008 and 2009 is approximately HK$1 million and approximately HK$3 million respectively.

KEY MANAGEMENT

Particulars of the Key Management

The Target Group will employ the Key Management at the employment terms to be agreed by CCT Tech. The Key Management are existing management of the Target Group and they will be appointed to continue to manage the Medical Device Business. The directors to be appointed to the board of directors of each member of the Target Group will comprise of members of which one-third are the Key Management and remaining members will be persons nominated by CCT Tech. The Key Management are persons with high calibre and possess extensive knowledge and experience in vascular stent products and other medical devices. The brief biographies of the Key Management are as follows:

Mr. Chris Chen, is and will continue to be the chief executive officer of the Target Group after Completion. He joined the Target Group in 2005 as an industry veteran and has been navigating the Target Company and is involved in its strategic planning, financing, marketing, product development, establishing network with R&D strategic partners, as well as building a strong intellectual property portfolio worldwide. Mr. Chen was also a director of LeoFibo Holdings Inc., a specialised consulting firm offering financial advisory services, and has extensive experience in investing in companies in different sectors from pre-revenue to sizable public companies. Mr. Chen also has 15 years experience in capital markets as directors and president of public companies (including listed companies) in different jurisdictions including Canada, USA and the United Kingdom.

Mr. Ty Tiefeng Hu, is the founder of InnoMed and its Chinese subsidiaries, Shanghai Ying Zhong and Shanghai Ying Sheng. Mr. Hu is currently and will continue to be the chief executive officer of the InnoMed Group after Completion. Mr. Hu has broad academic and industrial experience in the Medical Device Business. He has been the President and General Manger of Vascore Medical (Suzhou) Co., Ltd., the Research & Development Director of Cordis Corporation, a Johnson & Johnson company, and the Coronary Drug-Eluting Stent Program Manager at Guidant Corporation (now Abbott Vascular). He has managed numerous technology and product development programs, and has also been a staff of the Standing Committee of the National People's Congress of the PRC. Mr. Hu received his medical education from China Medical University and graduated in 1986. He also obtained a master's degree in health management at Yale University in 1992. Mr. Hu further completed a postdoctoral training on medical oncology at Yale Medical School and worked at the Cancer Institute of New Jersey before joining the medical device industry in 1996.

Mr. Charley Chen, is currently holding and will continue to hold the position of Director of Operations in the InnoMed Group after Completion. Mr. Chen graduated from Kunming University of Science and Technology and obtained a bachelor's degree in Mechanical Engineering. He has worked with Baiyin Corporation (白銀集團), a state-owned enterprise and Vascore Medical (Suzhou) Co., Ltd., a foreign-owned medical device company, and was mainly responsible for product research and development and production. Mr. Chen is the first batch of engineer in the PRC working on minimally-invasive endovascular therapy. He has extensive experience in research and development, production and equipment maintenance.

Dr. Tang Yee, is currently holding and will continue to hold the position of Director of Research and Development in the InnoMed Group after Completion. Dr. Tang has obtained doctorate in macromolecule materials and biological materials from the University of Toronto, Canada and post-doctoral training in molecule materials from the Massachusetts Institute of Technology. She has

participated in the R&D of the drug stent and absorbable stent at Guidant Corporation (now Abbott Vascular). She has also worked in the development of drug balloon and peripheral absorbable stent.

Dr. Adam Gu, is currently and will continue to be a part-time employee in the Shanghai Companies after Completion. Dr. Gu is responsible for the design and structural mechanics and dynamics analysis of stent. Dr. Gu graduated from the Nanjing Southeast University with a doctorate in Mechanical Engineering. Dr. Gu has also worked with the Vascore Medical (Suzhou) Co., Ltd.

Ms. Jin Gu, is currently holding and will continue to hold the position of Manager of Accounting in the InnoMed Group after Completion. Ms. Gu has extensive experience in Chinese accounting laws and regulations. Prior to joining the Target Group, she has served as accountant in both state-owned enterprises and private sector corporations and has also worked at pharmaceutical companies.

Mr. Huo Aike, is currently holding and will continue to hold the position of Director of Quality Assurance in the InnoMed Group after Completion. Mr. Aike is an analytical chemist. He has worked at major pharmaceutical and medical device companies in the USA and has taken part in the drug eluting stent program with leading device makers in the USA. Mr. Aike has extensive experience in analytical methods and quality assurance on drug eluting stent. He is also familiar with the regulations of the Food and Drug Administration, USA.

Prof. Randy Lee, is currently holding and will continue to hold the position of Scientific Advisor in the InnoMed Group after Completion. Prof. Lee is a professor in Cardiology in the University of California, San Francisco, USA and he is an expert in the research of cardio disease and tissue engineering. He is also a clinical doctor and providing medical service. Prof. Lee has been the person in charge of the research group in Bioengnieering in the University of California, San Francisco and Berkeley, USA, and has developed several commercial products from research and development. Prof. Lee is also a director of certain enterprises. He is the founder and an executive director of LyChron, a medical device company in the USA.

Dr. Farrell Mendelsohn, is currently holding and will continue to hold the position of Medical Advisor in the InnoMed Group after Completion. Dr. Mendelsohn graduated from Johns Hopkins University in the USA with a doctorate in Medicine. He has also received clinical residency training at the Harvard University and cardiology Fellowship at Duke University specialised in interventional therapy. Dr. Mendelsohn is currently working as the head of the medical centre for cardiovascular regeneration therapy at the University Medical Centre at Princeton Baptist Medical Centre, in Brimingham, Alabama, USA. Dr. Mendelsohn is one of the leading interventional cardiologists, specialising in interventional therapy for vascular diseases.

Dr. Brad Hubbard, is currently holding and will continue to hold the position of Preclinical Advisor in the InnoMed Group after Completion. Dr. Hubbard graduated from the University of Missouri with a doctorate in veterinary medicine. He has held senior positions in various renowned medical device companies, including Johnson & Johnson, Guidant and LyChron. Dr. Hubbard is internationally respected preclinical expert with extensive experience in the field of cardiovascular devices.

Incentive to the Key Management

If the annual audited Consolidated Net Profit After Tax of the Target Group prepared under the HK GAAP and audited by the auditors of CCT Tech exceeds RMB100 million (or the equivalent in HK$) for any financial year after Completion, CCT Tech has agreed that it will initiate and undertake discussions in good faith with the Key Management and resolve on the best possible way to realise the most potential from the Medical Device Business, (i) by way of free stock options to the Key Management up to, in aggregate, 10% of the entire issued share capital of the holding company of the Target Group subject to the capital market activities referred to in (ii) below and the free stock options to the Key Management in the holding company of the Target Group subject to the capital market activities referred to in (ii) below will be increased, in aggregate, to 12% if the annual audited Consolidated Net Profit After Tax of the Target Group prepared under the HK GAAP and audited by the auditors of CCT Tech exceeds RMB150 million (or the equivalent in HK$) for any financial year after Completion and for the avoidance of doubt, the free stock option in such holding company as aforesaid to be granted to the Key Management will only be granted once and will not be granted on an annual basis; and (ii) CCT Tech agrees to consider capital market activities including a spin-off or a trade sale of the Target Group, whichever is most appropriate given the market conditions at the relevant time. The grant of the free stock options in such holding company as aforesaid and/or the capital market activities are subject to compliance with the Listing Rules and other applicable regulatory requirements and where applicable, the approval of the CCT Tech Shareholders at a special general meeting. CCT Tech will comply with Chapter 17 of the Listing Rules at the time when the free stock options as specified above are granted to the Key Management.

INDUSTRY REVIEW OF MEDICAL DEVICE INDUSTRY

Certain information and statistics set out in this section have been extracted from the Valuation Report as disclosed in Appendix V of this circular.

Overview of global pharmaceutical industry

The United States of America, Europe and Japan are the leaders in the global pharmaceutical industry. According to an analysis conducted by Zero Power Intelligence Co., Ltd., an independent third party ("**ZPI Report**"), in the year of 2008, the above three countries have reached a total market share of almost 78% globally. In the year of 2008, the global medical device market earned a total output value of more than US$200 billion.

According to the ZPI Report, global pharmaceutical industry has a sustained average annual growth rate of 8% since the early 80s in the twentieth century. The growth rate of pharmaceutical industry in most countries is higher than that of their own gross domestic product ("**GDP**"). As a result, pharmaceutical industry is one of the most competitive fields in research and development.

In most developed countries, the pharmaceutical market has an inelastic demand, hence influences from the economic crisis is slighter and can still maintain a high growth rate.

In the health care systems of the major countries in Europe, the government bears the health care expenses as well as the pharmaceutical expenses. When there is an increase in other health care expenses and medical insurance, to ensure that there is no deficit, the countries' pharmaceutical expenditures will be compressed. Consequently, there has been a lower growth rate in pharmaceutical industry in the European countries.

In Japan, it is facing more serious aging problems than other developed countries. Mandatory price cut on the pharmaceutical products in Japan leads to a decline in the market share of Japan's industries globally.

With the active pharmaceutical industrial policy implemented by both the PRC and India, they have become the worldwide pharmaceutical products processing centres. According to the pharmaceutical market research firm, IMS Health, the PRC could become the world's third-largest presciption drug market by 2011.

Overview of pharmaceutical industry in the PRC

After the reorganisation in the year of 2006, the pharmaceutical industry in the PRC continues to boom constantly. According to the ZPI Report, the number of enterprises in the pharmaceutical industry accounted for loss decreased from nearly 30% in 2006 down to 17% in 2010. Up to the month of May in 2010, the pharmaceutical industry sales and profits increased by 27.8% and 39.0% respectively, the growth rate was faster than the PRC's GDP. For the pharmaceutical industry, due to rigid medical needs benefiting from aging population, urbanisation, new medical reform and other favorable factors, it would remain a steady and rapid growth for the next 10 years.

Meanwhile, there are a large amount of pharmaceutical companies in the PRC and the industry concentration is low. With the advance medical reformation, the industry is expected to increase the concentration in the future, which brings opportunity to significant listed companies to increase the market shares.

Up to the year 2010, there are up to 4,700 domestic pharmaceutical enterprises, small and medium scale enterprises account for about 70%, that is, more than 3,200. Among them, the best annual sales was accounted for approximately RMB100 million, while nearly 70% of small and medium scale enterprises had annual sales with around RMB50 million, net profit was about RMB10 million to RMB20 million.

Overview of medical device industry in the PRC

The three countries in Far East, the PRC, Japan and India are the "Far East industrial economic power" in the eyes of Western economists. The three countries account for around 70% of total market sales in Asian market, other Asian countries and regions have remaining 30% of total sales share.

Despite from other markets, the medical device market is one of the markets which have less affection from the world economic crisis, as a result of a slighter impact to the industry, the market still conducts a growth rate of over 10%.

The PRC is the world's largest manufacturer in medical devices. It is also one of the world's top ten emerging medical device markets. According to statistics collected by China's Electromechanical Data Online (中國機電資料網http://www.86mdo.com) and China-consulting.cn (中國行業諮詢網 http://www.china-consulting.cn), the total industry output value of the PRC's medical device industry was about RMB61 billion in the year 2007, RMB73 billion in the year 2008 and over RMB90 billion in the year 2009.

With the accelerated economic development, upgrade drive demand for medical services, the PRC government gradually opens up the medical service market, as a result the domestic and foreign capital investment in the PRC speed up the rate of medical services industry, which directly led to increased demand for medical equipment market.

In developed countries, medical equipment industry and pharmaceutical industry roughly have the same value. In the PRC, the previous latter value was only one-fifth. This proportion of serious disorders indicates that the medical device industry in the PRC has huge room for development.

According to the ZPI Report, in the next three years, the PRC's rural health services will leaps, thanks to the government's investments, which are more than RMB20 billion, on supporting rural health service system in 2010. The investments are mainly used to support the poor central and western regions, and eastern areas in primary health care institutions. Basic hospital equipment standards and related policies will also be launched soon.

The country will initially establish a basic framework for health system efforts to alleviate the urban and rural areas and setting urban and rural residents basic medical health system in the future. To this end, the government will need to increase RMB10 billion of investments. It is foreseeable that there will be a continuous expansion of the medical device market and demand for medical device product.

Factors driving the growth in the worldwide healthcare industry

Cardiovascular disease remains to be the world most serious illness, hence cardiovascular drugs naturally become the world's number one pharmaceutical drugs on the market categories. Therefore, the world's major pharmaceutical companies' R&D departments are mainly focusing on developments in cardiovascular drugs.

Cardiovascular disease is the world's highest rank human death caused disease. World Health Organization estimated that there are 17.5 million people died of cardiovascular disease and stroke every year, one third of all death reasons. In 2030, this figure will rise to 24.2 million, thus 32.5% of deaths caused by cardiovascular disease.

According to the ZPI Report, there are nearly 3 million people died of cardiovascular disease in the PRC each year. Billions of people are suffering from various types of cardiovascular disease symptoms. Hence, there is a large consumer group of cardiovascular drugs in the PRC.

Macroeconomic and demographic trends are also driving the growth in the PRC's healthcare industry. The rapid economic growth has improved significantly the standard of living in the PRC, and households in both urban and rural areas of the PRC have been spending an increasing proportion of their household expenditure on healthcare and medical services. In addition, the rise in the living standard has led to changes in lifestyle in the PRC, resulting in over-nutrition, less healthy diets, smoking habit and obesity. Furthermore, the large and aging population in the PRC will increase the demand for medical devices used in treating cardiovascular disease.

Ongoing healthcare reform in the PRC

In January 2009, the Chinese government approved in principle a healthcare reform plan to address the affordability of health care services, rural healthcare system and healthcare service quality in the

PRC. In March 2009, the government published a healthcare reform plan for 2009 to 2011, which calls for, among other things, additional government spending on healthcare of RMB850 billion for 2009 to 2011 to improve accessibility and affordability of healthcare. The healthcare reform is designed to develop the healthcare infrastructure, expand basic medical insurance programs, establish a national essential drug system to meet basic needs for treatment and prevention of diseases, and improve basic public health services.

Medical device manufacturers are one of the beneficiaries of the healthcare reform initiative. The major portion of the government spending will be spent on developing the basic healthcare services. As a result, a large number of additional county hospitals and township hospitals will be built in towns and rural areas. Meanwhile, the number of the highest tier and second tier of hospitals in the PRC will increase. Coupled with the expansion of healthcare insurance programs, it is expected that the massive development of healthcare infrastructure across the PRC will boost patents' accessibility and affordability of medical care.

REGULATIONS IN RELATION TO THE MEDICAL DEVICE BUSINESS

General

The medical device industry is highly regulated in the PRC. SFDA is the principal Governmental Authority that regulates and supervises on the safety and manufacturing of drugs, medical devices and cosmetic products in the PRC.

Manufacturers of medical devices are subject to regulations and oversight by different levels of SFDA. The principal regulations that apply to medical device manufacturers include, among others, the Regulations for the Supervisions and Administration of Medical Devices (《醫療器械監督管理條例》), the Rules for the Supervision and Administration of the Production of Medical Devices (《醫療器械生產監督管理辦法》), the Rules for the Registration of Medical Devices (《醫療器械註冊管理辦法》) and the Rules for the Administration of Medical Device Operation Enterprise Permits (《醫療器械經營企業許可證管理辦法》).

According to the Regulations for the Supervisions and Administration of Medical Devices (《醫療器械監督管理條例》), medical devices refer to any instrument, apparatus, appliance, material, or other article whether to be used alone or in combination, in human body, including the software necessary for its proper application.

SFDA has classified the medical devices into the following three categories with each successive class requiring progressive controls:

Class I: are those medical devices with low risks to human body and are subject to general regulatory control;

Class II: are those medical devices with medium risks to human body and are subject to special regulatory control; and

Class III: are those medical devices with high risks to human body, which are either implanted into human body, or used to support or sustain life, and are subject to strict regulatory control.

The medical devices including the Specified Product that the Target Group will be manufacturing are classified as Class III devices and therefore are subject to regulatory controls governing Class III devices.

Manufacturing and operation permits

A manufacturer of medical devices must obtain a medical device manufacturing permit (醫療器械生產企業許可證) from the provincial level of SFDA before commencing the manufacture of Class III devices. A manufacturing permit is valid for five years and is renewable upon expiration. Shanghai Ying Sheng has submitted application for the manufacturing permit. As at the Latest Practicable Date, Shanghai Ying Sheng has not yet obtained the manufacturing permit.

An enterprise engaging in sale of medical devices must obtain a medical device operation enterprise permit (醫療器械經營企業許可證) from the provincial level of SFDA before commencing sale of Class III devices. An operation permit is valid for five years and is renewable upon expiration. Shanghai Ying Zhong has submitted application for the operation permit. As at the Latest Practicable Date, Shanghai Ying Zhong has not yet obtained the operation permit.

Registration and clinical trials of medical devices

Before a medical device can be manufactured for commercial distribution, a manufacturer must complete medical device registration by proving that the safety and efficacy of the medical device meet the standards set by SFDA. SFDA requires manufacturers to apply for and to obtain in advance a favorable test result for the device from a test centre recognised by SFDA. The test centre conducts animal and laboratory testing by following the applicable product registration standards. If the test results for the device are acceptable according to the applicable registration standards, the manufacturer may then begin the clinical trial. After the clinical trial of a Class III device, the manufacturer may apply for registration of the device with the SFDA. SFDA, within 90 working days of receiving an application for registration of a Class III device, will notify the applicant whether the application for registration is approved. If approved, a registration certificate will be issued within ten working days of the notification. A registration is valid for four years and is renewable upon expiration. As at the Latest Practicable Date, Shanghai Ying Sheng has not yet applied for registration with the SFDA in respect of the Specified Product.

After successful completion of the above registration procedure, an enterprise that possesses a medical device manufacturing permit (醫療器械生產企業許可證) or a medical device operation enterprise permit (醫療器械經營企業許可證) may manufacture or sell Class III devices in the PRC.

Export registration certificate

Manufacturers of medical devices must obtain an export registration certificate from SFDA prior to exporting medical devices. An export registration certificate is valid for two years.

Advertisement and promotion

Prior to advertising and promotion of medical devices, a manufacturer must submit an application to SFDA or the provincial level of SFDA to obtain an advertising permit for medical devices. The content of advertisements for medical devices is also subject to certain guidelines approved by SFDA or the provincial level of SFDA.

Continuing regulations

The Medical Device Business is subject to SFDA's continuing supervision. SFDA may conduct on-site inspection and make random testing on the manufacturing of medical devices. The Target Group's products are also subject to, among others, (i) SFDA's quality system regulations which require manufacturers to create, implement and follow certain design, testing, control, documentation and other quality assurance procedures; (ii) reporting regulations, which require manufacturers to report to SFDA certain types of adverse event and other incidents involving the products manufactured by the Target Group; and (iii) SFDA's general prohibition against promoting products for unapproved uses.

Regulation in relation to CE Marking

CE Marking is a key indicator of a product's compliance with European Union legislation which enables the free movement of products within the European market. By affixing the CE Marking on a product, a manufacturer is declaring, on its sole responsibility, conformity with all of the legal requirements to achieve CE Marking and therefore ensuring validity for that product to be sold throughout the European Economic Area ("**EEA**"), as well as Turkey. This also applies to products made in third countries which are sold in the EEA and Turkey. In obtaining CE Marking, a manufacturer has to take certain obligatory steps which include, among others, carrying out of a conformity assessment, setting up of a technical file and signing of an European Commission declaration of conformity.

The application for CE Marking for the Specified Product is subject to a specific category of CE Marking directives, i.e. the Medical Device Directive (93/42/EEC) ("**MDD**"). MDD has also classified medical devices into different classes and the Specified Product falls within Class III medical devices under the MDD.

In accordance with the MDD, confirmation of conformity with the requirements concerning the characteristics and performance under normal conditions of use of the device and evaluation of side-effects and of the acceptability of the benefit/risk profile must be based on an evaluation of clinical data which should be carried out in line with the methodology laid out in the MDD and the relevant guidance. In addition, the clinical evaluation must consist of either a critical evaluation of the relevant scientific literature currently available supporting the safety, performance, design characteristics and intended purpose of the device or a critical evaluation of the results of all clinical investigations made or a combination of both. The objectives of a clinical investigation must be to verify a positive benefit/risk profile of the device for the indications and limitations of use as specified by the manufacturer.

The Target Company has conducted animal and human tests of the Specified Product for the purpose of obtaining CE Marking and is currently in the process of applying for the CE Marking for the Specified Product, which is expected to be granted to the Target Company within one year from the Completion Date.

RISK FACTORS OF THE TRANSACTIONS

Although CCT Tech will cease to be a subsidiary of the Company after Completion, the Company will still be a substantial shareholder of CCT Tech, which will be treated as an associated company of the Company after Completion. As such, risk factors that may affect the performance of the Target Group may adversely affect the results and financial position of the CCT Tech Group, which may in turn adversely affect the Company as the results and financial position of the CCT Tech Group will be accounted by the Group as an associated company under equity basis of accounting after Completion. Possible risk factors which may be faced by the CCT Tech Group in connection with the acquisition of the Medical Device Business are as follows:

Relating to the CCT Tech Group

New business segment of the CCT Tech Group

The Transactions constitute an investment in a new business segment for the CCT Tech Group. Such new business, coupled with the regulatory environment, may pose significant challenges to the CCT Tech Group's administrative, financial and operational resources. As the CCT Tech Group does not have significant experience in the new business, it is difficult to ascertain the timing and amount of any return or benefits that may be received from the new business. If the proposed business plan in which the new Medical Device Business does not progress as planned, the Target Group may not recover the funds and resources it has spent, and this may adversely affect the Target Group's financials. In such respect, as a risk migrating measure and an integral part of the Transactions, the Medical Device Business will continue to be managed by the Key Management who together have extensive knowledge and experience in the cardiovascular stent and other medical device products, production and sales and the stent and medical device market in the PRC and the overseas market in which the Target Group will be entering. Furthermore, CCT Tech has been granted with the Put Option by the Vendor, which entitles CCT Tech to sell all but not part of its interest in the Target Group to the Vendor at the Option Price, should the Target Group fail to achieve certain performance targets during the designated result tracking period as further detailed in the sub-section headed "The Put Option" of this letter.

Relating to the Target Group

Uncertainty of demand for the Specified Product

The Specified Product is new to the market. The operation of the Target Group will depend substantially on the market's acceptance of the Specified Product. The Specified Product has yet to be marketed and it is difficult to predict the actual demand. Recommendation of physicians plays an important role in boosting market's demand over the Specified Product. Physicians' acceptance of the Specified Product depends on educating the medical community as to the distinctive characteristics, perceived benefit, safety, clinical efficacy and cost-effectiveness of the Specified Product compared with products of the competitors of the Target Group. Without physicians' recommendations, sales of the Target Group will not perform well and the Target Group's financial condition and results of operation may be materially and adversely affected.

Regulatory control

The Target Group must obtain a medical device manufacturing permit or a medical device operation enterprise permit before it may manufacture or sell medical devices in the PRC. As at the Latest Practicable Date, Shanghai Ying Sheng has not yet obtained the manufacturing permit, and Shanghai Ying Zhong has not yet obtained the operation permit. The Target Group may not be able to obtain those permits and in such case, the Target Group will not able to produce or sell medical devices in the PRC and this may seriously affect the business, financial position and operation result of the Target Group.

The Specified Product and other medical device products are subject to extensive regulation, which may subject the Target Group to high compliance costs and may expose the Target Group to penalties for non-compliance. As at the Latest Practicable Date, Shanghai Ying Sheng has not yet applied for registration with the SFDA in respect of the Specified Product. The Specified Product may not meet the product registration standards in the PRC and the Target Group may not be able to obtain required regulatory approvals for the Specified Product and other medical device products in the PRC in a cost-effective manner or at all.

The production and marketing of the Specified Product and other medical device products and the Target Group's ongoing R&D, preclinical testing and clinical trial activities are subject to extensive regulation and review by Governmental Authorities in the PRC. The PRC regulations applicable to medical devices are wide-ranging and govern, among other things, the testing, pre-market review, packaging, advertising, exporting and labeling of new medical devices. They also regulate the manufacturing processes, tendering, reporting, and record keeping procedures of medical device manufacturers.

The Target Group is required to obtain SFDA approval before it can produce and market the Specified Product and other medical device products in the PRC. Significant time, effort and expense are required to bring the Specified Product and other medical device products to market in compliance with the regulatory process.

In addition, before selling the Specified Product in international markets, the Target Group is required to obtain various governmental approvals in the relevant jurisdictions. Foreign regulations may vary from jurisdiction to jurisdiction and may be different from PRC regulations and SFDA requirements. In particular, the Target Group is in the process of applying for CE Marking on the Specified Product. The Target Group will not be able to export the Specified Product to the European Union or other countries which accept CE Marking, if the CE Marking on the Specified Product is not granted. In such case, the Target Group's financial condition and results of operation may be materially and adversely affected.

The Target Group may be subject to fines and penalty or civil liabilities if the Target Group fails to comply with applicable regulatory requirements.

Protection of patents and other intellectual property right

The success of the Target Group depends, in part, on its ability to protect its proprietary technologies, including the Patents. In respect of the Patents assigned to the Target Group, only patent applications have been filed and none of which has been issued or granted yet. Due to the different regulatory bodies and varying requirements in these jurisdictions, CCT Tech and the Company cannot assure that the Target Group will be able to obtain patent protection for all or any aspects of the medical

device products (including the Specified Product) that it will be engaging in all or any of these jurisdictions. The process of seeking patent protection can be lengthy and expensive, and CCT Tech and the Company cannot assure that the Target Group's patent applications will result in patents being issued or granted, or that any future issued patents will be sufficient to provide the Target Group with meaningful protection or commercial advantage. CCT Tech and the Company cannot assure that the current or potential competitors of the Target Group, many of which have substantial resources and have made substantial investments in competing technologies, do not have, and will not obtain, patents that will prevent, limit or interfere with the Target Group's ability to make, use or sell the Specified Product and other medical device products in either the PRC or other countries, including the USA, the European Union and other countries in Asia.

The Target Group cannot assure that any of the Patents, non-patentable technologies, trade secrets, proprietary know-how or other intellectual property used by the Target Group have not infringed or will not infringe third parties' intellectual property or patent right in the countries where the Target Group operates or where its products are sold. The Target Group may face the risk of claims for infringement of third parties' intellectual property rights and any such claims, even those without merit, could:

– be expensive and time consuming to defend;

– result in the Target Group being required to pay significant damages to third parties;

– cause the Target Group to cease making or selling products that incorporate the challenged intellectual property;

– require the Target Group to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property, which agreements may not be available on terms acceptable to the Target Group or at all;

– result in hospitals and physicians terminating, deferring or limiting their purchase of the affected product until resolution of the litigation.

Any of the above consequence may have a material adverse impact on the Target Group's reputation, business, financial condition and results of operation.

Potential liability claims

The manufacture and sale of medical devices exposes the Target Group to potential risks of product liability claims, which are time consuming and expensive to defend and may have a material adverse impact on the Target Group's business, financial condition and results of operation.

Further, the Target Group cannot ensure that physicians will follow its instructions on the proper usage of the Specified Product and other medical device products accurately. If the Specified Product and other medical device products are used incorrectly by physicians, injury may result, which could give rise to product liability claims against the Target Group. Any losses that the Target Group may suffer from any liability claims, and the effect that any product liability litigation may have upon the reputation and marketability of the Specified Product and other medical device products, may divert management's attention from normal business operations and may have a material adverse impact on the Target Group's reputation, business, financial condition and results of operation.

Product recall

The Specified Product are complex medical devices, which sometimes may experience performance problems resulting from inappropriate manufacturing process or misusage of the physicians. Should there be circumstances that required major or frequent review and recall of the Specified Product for any corrective actions, reputation of the Target Group as well as the market acceptance of the Specified Product may be materially and adversely affected, which may in turn jeopardise the Target Group's financial condition and results of operation.

Insurance coverage for treatment with the use of the Specified Product

Good sales performance of the Target Group in the PRC depends largely on availability of health insurance coverage for treatments with the use of the Specified Product. In the absence of sufficient medical insurance coverage, patients may adopt alternative medical treatments. This may trim down demand of the Specified Product and could materially and adversely affect the Target Group's business, financial condition and results of operation.

Non-fulfillment of the profit guarantee

If the Target Group's business and results of operation is adversely affected by any of the risk factors mentioned above, there is a risk the Target Group may not be able to meet the profit guarantee as specified in the sub-section headed "The Put Option" under the section headed "The S&P Agreement and the Transactions" above. In such case, the right to exercise the Put Option will be triggered, which will entitle CCT Tech to require the Vendor to buy back all but not part of the Sale Shares and the Subscription Shares at Option Price. If the Put Option is exercised and completed, the Target Group will cease to be owned by CCT Tech with effect from the Option Completion Date. In such event, the CCT Tech Group will not be engaged in any medical device business, which the CCT Tech Directors believe to have growth potential and good prospect and the CCT Tech Group will only continue to be engaged in the Telecom Product Business.

INFORMATION ON CCT TECH AND CCT TELECOM

CCT Tech is the holding company of the CCT Tech Group which is currently engaged in the design, development, manufacture and sale of telecom and electronic products (the "**Telecom Product Business**").

The Company is the holding company of the Group which is principally engaged in (i) the Telecom Product Business through the CCT Tech Group; (ii) the manufacture of power supply and plastic components; (iii) the manufacture and sale of infant and child products, wise games and toys and home-use healthcare products; (iv) the securities business; and (v) properties development and holding.

REASONS FOR THE TRANSACTIONS

The CCT Tech Group is principally engaged in the Telecom Product Business.

According to the annual reports and the interim report of the CCT Tech Group for the two financial years ended 31 December 2008 and 2009 and for the six months ended 30 June 2010 respectively, CCT Tech reported significant audited consolidated losses after taxation of approximately HK$317 million and HK$19 million for the year 2008 and 2009 respectively and unaudited consolidated loss after taxation of HK$4 million for the interim period of 2010. The losses incurred by the CCT Tech Group for the past two and half years were mainly caused by the global financial turmoil, the exit of its previous largest customer, keen competition and other operational issues which affected its Telecom Product Business. The CCT Tech Directors expect that the business environment of the Telecom Product Business would remain uncertain going forward. The CCT Tech Directors anticipate that the acute shortage of labour in the Guangdong Province, the rising price of commodity, materials and wages and the potential appreciation of RMB against US dollar are the major uncertain factors that may increase the production costs and affect the profit margin and the performance of the CCT Tech Group in the coming years. Competition is expected to remain keen. The recent debt crisis in Europe may become another global financial turmoil that may adversely affect the major markets of the Telecom Product Business. Furthermore, the CCT Tech Directors expect that certain working capital funding will be required to diversify its existing ODM business into the branded distribution business using the GE trademark.

In view of the above, CCT Tech therefore takes initiative to identify business opportunities in the other business sectors in order to diversify and broaden its revenue sources and improve its profitability. The CCT Tech Directors have identified the investment opportunity in the Target Group which owns advanced technology for coronary stent system and will be engaged in the strong growth Medical Device Business.

Coronary artery disease is a progressive condition that leads to the obstruction of the blood vessels providing blood flow to the heart muscle. Due to overall global aging population, unhealthy habits (such as over-nutrition, eating junk food and smoking (especially for the Chinese people)) and inheritance factors (such as diabetes and hypertension), heart disease has become one of the leading causes of death in the world. The global coronary stent market is huge and its growth prospects are good, especially in the PRC. There are a number of factors contributing to the rapid growth in the medical and healthcare industry in the PRC. In recent years, the PRC's healthcare system has been undergoing fundamental changes as a result of the PRC government's new healthcare reform initiative and concurrent significant expansion of financial support for the healthcare system. Under this initiative, the PRC government plans to inject enormous amount of government spending to improve accessibility and affordability of healthcare. The CCT Tech Directors believe that the Medical Device Business that the Target Group will be engaged will be operating at favorable business environment and is considered to be a high-growth business. The Transactions will enable the CCT Tech Group to enter into the medical and healthcare industry which the CCT Tech Directors and the Directors believe has huge potential and good future prospect. The CCT Tech Directors and the Directors consider that the Transactions will substantially enhance the assets, revenue and profitability of the CCT Tech Group.

The Transactions will be financed by the Placing which will raise at least US$30 million (equivalent to approximately HK$234 million) to CCT Tech, which funds will be used to (i) finance the expense related to the Transactions of approximately HK$10 million (including Placing fees); (ii) fund the Subscription Consideration of US$20 million (equivalent to approximately HK$156 million) which

will be payable by CCT Tech to the Target Group pursuant to the S&P Agreement (details of the use of the Subscription Consideration has been described in the sub-section headed "Use of the Subscription Consideration" under the section headed "The S&P Agreement and the Transactions" above); and (iii) fund working capital and general corporate expenditure of the CCT Tech Group and the Telecom Product Business in the approximate amount of HK$68 million. As such, CCT Tech will raise sufficient funds through the Placing not only to finance the Transactions but also to have additional funding of approximately HK$68 million to finance the working capital and general corporate expenditure of the CCT Tech Group and the Telecom Product Business. Hence, the Placing and the Transactions will further strengthen the financial position of the CCT Tech Group.

The CCT Tech Directors intend to continue the Telecom Product Business after Completion. Therefore, after Completion, the CCT Tech Group will continue to be engaged in the Telecom Product Business and will diversify into the medical and healthcare business that has better potential. For each of CCT Tech and the Company, it is the intention of the CCT Tech Directors and the Directors respectively that each of the CCT Tech Group and the Remaining Group will continue to engage in their respective existing businesses. The respective board of directors of CCT Tech and the Company confirms that, save for the deemed disposal of CCT Tech by the Company as a result of the dilution of the Company's shareholdings in CCT Tech arising from the Placing Agreement, CCT Tech, the Company or their respective board of directors has no other agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) about any disposal/termination/scaling-down of the respective existing businesses of the CCT Tech Group or the Remaining Group.

THE PROPOSED PLACING OF CCT TECH

(1) General

The CCT Tech Board proposes to raise funds for CCT Tech of at least US$30 million (or its HK$ equivalent) by means of placing (the "**Placing**") up to 13,000,000,000 new CCT Tech Existing Shares, representing approximately 19.87% of the existing issued share capital of CCT Tech as at the Latest Practicable Date and approximately 16.58% of the entire issued share capital of CCT Tech as enlarged by the issue of the maximum number of CCT Tech Existing Shares to be placed under the Placing, at the minimum Placing Price of HK$0.018 per CCT Tech Existing Share if the Placing is undertaken before the Capital Reorganisation becoming effective. If the Placing is undertaken after the Capital Reorganisation becoming effective, the minimum funding of at least US$30 million (or its HK$ equivalent) will be raised by the Placing of up to 1,300,000,000 new CCT Tech Ordinary Shares, representing approximately 19.87% of the total issued CCT Tech Ordinary Shares and approximately 16.58% of the total issued CCT Tech Ordinary Shares as enlarged by the issue of the maximum number of CCT Tech Ordinary Shares to be placed under the Placing, at the minimum Placing Price of HK$0.18 per CCT Tech Ordinary Share. The maximum number of either 13,000,000,000 issued new CCT Tech Existing Shares or 1,300,000,000 issued new CCT Tech Ordinary Shares to be placed under the Placing, as the case may be, are herein referred to as the "**Placing Shares**".

(2) Mandate to allot and issue new shares in CCT Tech

The new Placing Shares will be allotted and issued pursuant to the general mandate granted to the CCT Tech Directors by a resolution of the CCT Tech Shareholders passed at the annual general meeting of CCT Tech held on 31 May 2010. CCT Tech is authorised to issue up to 13,082,798,798 CCT Tech Existing Shares or equivalent to 1,308,279,879 CCT Tech Ordinary Shares upon the Capital

Reorganisation becoming effective, under such mandate and CCT Tech has not exercised the power to allot and issue any new CCT Tech Existing Shares pursuant to such mandate prior to the date of the Placing Agreement.

(3) Rationale behind and reasons for the Placing

The primary purpose of the Placing is to allow CCT Tech to raise sufficient capital (i) to finance the expense related to the Transactions of approximately HK$10 million (including Placing fees); (ii) to fund the Subscription Consideration of US$20 million (equivalent to approximately HK$156 million) which will be payable by CCT Tech to the Target Group pursuant to the S&P Agreement (details of the use of Subscription Consideration has been described in the sub-section headed "Use of the Subscription Consideration" under the section headed "The S&P Agreement and the Transactions" above); and (iii) to fund working capital and general corporate expenditure of the CCT Tech Group and the Telecom Product Business in the approximate amount of HK$68 million.

The raising of finance by means of the Placing will provide funding to CCT Tech to enter into and diversify its business into medical and healthcare business sector which it considers to have better prospect than its existing Telecom Product Business.

Both the CCT Tech Board and the Board consider that the Placing is an appropriate and preferred means of funding for the Transactions for the following reasons:

(i) it would be difficult to raise funds for the Transactions through bank borrowings as the Target Group has not yet generated any revenue or earnings;

(ii) funding by bank or other borrowings would adversely affect the gearing ratio of the CCT Tech Group which is not in the interests of the CCT Tech Group or the CCT Tech Shareholders as a whole;

(iii) it would not be beneficial to the CCT Tech Shareholders to raise funds by rights issue as some CCT Tech Shareholders may not be willing to invest more money into CCT Tech and it would be difficult to find someone to underwrite the rights issue;

(iv) proceeds from the Placing will provide CCT Tech with immediate funds; and

(v) the Placing will increase the capital and broaden the shareholder base and enhance the profile of CCT Tech given that the Placees are individuals, institutional and/or professional investors (as the case may be).

The CCT Tech Directors and the Directors consider that the Placing is fair and reasonable to CCT Tech and the Company and their respective shareholders as a whole on the basis that the Placing represents an opportunity to raise new capital for CCT Tech to invest into the Target Group with readily available funds.

(4) Terms of the Placing Agreement

With a view towards ensuring the success of the Placing, CCT Tech has entered into the Placing Agreement with the Placing Agent, the key terms of which are as follows:

Date of the Placing Agreement:

19 October 2010

Parties to the Placing Agreement:

(i)	Issuer	:	CCT Tech
(ii)	Placing Agent	:	SBI E2-Capital (HK) Limited

To the best of the CCT Tech Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent (and its ultimate beneficial owner and their respective associates) is an independent third party of CCT Tech and its connected persons.

(a) Placing

The Placing Agent has agreed, subject to satisfaction of the conditions precedent set out below and the other terms of the Placing Agreement, to procure, on a best-effort basis, independent placees to subscribe for the Placing Shares at the Placing Price (payable in full on the Completion Date), and CCT Tech has agreed to issue and allot the Placing Shares to the Placees or their nominee(s), credited as fully paid at the Placing Price, subject to the constitutional documents of CCT Tech, and on the terms and subject to the conditions set out in the Placing Agreement.

In respect of the Placing, the Placing Agent will receive a placing commission of 3% on the gross proceeds of the Placing upon completion of the Placing.

(b) Placing Price

Not less than HK$0.018 per each new CCT Tech Existing Share if the Placing is completed before the Capital Reorganisation becoming effective and not less than HK$0.18 per each new CCT Tech Ordinary Share if the Placing is completed after the Capital Reorganisation becoming effective (the "**Placing Price**"). This minimum Placing Price was agreed after arm's length negotiation between CCT Tech and the Placing Agent with reference to recent market prices of the CCT Tech Existing Shares. The comparison of the minimum Placing Price and the market prices or adjusted market prices of the shares in CCT Tech presents the same results as the comparison of the issue price of the Redeemable CPS as elaborated in the sub-section headed "Purchase Consideration" under the section headed "The S&P Agreement and the Transactions" above. Based on the analysis in the sub-section headed "Purchase Consideration", the CCT Tech Directors consider the minimum Placing Price to be fair and reasonable in the interest of CCT Tech and the CCT Tech Shareholders as a whole.

The net placing price under the Placing is approximately HK$0.0175 per Placing Share (if the Placing is undertaken before the Capital Reorganisation becoming effective), or approximately HK$0.175 per Placing Share (if the Placing is undertaken after the Capital Reorganisation becoming effective).

(c) Placees

The Placing Agent will place the Placing Shares to not less than six (6) independent Placees, each of whom or its respective ultimate beneficial owner(s) will be third party independent of CCT Tech and its connected persons. The Placees will include individual, corporate and institutional investors. The Placing Agent confirms to the best of its knowledge and belief, none of the Placees will become a substantial shareholder of CCT Tech immediately after the Placing.

(d) Rights of the Placing Shares

The Placing Shares, when allotted and issued by CCT Tech, will be free and clear from all encumbrances and with all rights attaching thereto as at the date of completion of the Placing, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Placing Shares.

(e) Use of proceeds from the Placing

The Placing will raise funds of at least approximately HK$234 million (equivalent to US$30 million) for CCT Tech. The funds raised will be used to finance the Subscription Consideration of HK$20 million (equivalent to approximately HK$156 million), the expenses related to the Transactions of approximately HK$10 million (including Placing fees), the working capital and for general corporate purposes in respect of the CCT Tech Group and the Telecom Product Business, in the amount of approximately HK$68 million.

(f) Conditions to the Placing

Completion of the Placing is conditional upon:

(i) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Placing Shares; and

(ii) the obtaining by CCT Tech of all other necessary consents, approvals, authorisation and/or waivers (if any) to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement (including but not limited to the issue and allotment of the Placing Shares).

In the event of the above conditions are not fulfilled on or before 28 December 2010 (or such later date as may be agreed by CCT Tech) all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and determine and none of the parties shall have any claim against any other in respect of the Placing.

(g) Ranking

The Placing Shares will, upon issue, rank equally in all respects among themselves and with all other CCT Tech Existing Shares in issue (if the Placing is undertaken before the Capital Reorganisation becoming effective), or the CCT Tech Ordinary Shares in issue (if the Placing is undertaken after the Capital Reorganisation becoming effective) as at the date of completion of the Placing. Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

(h) Completion of the Placing

Completion of the Placing will take place at such time and date as determined by the Placing Agent before the Completion, after the satisfaction of the conditions set out above.

(i) Termination of the Placing Agreement

Pursuant to the Placing Agreement, the Placing Agent may after consultation with CCT Tech terminate the Placing Agreement without any liability to CCT Tech by giving notice in writing to CCT Tech, provided that such notice is received prior to the completion of the Placing, upon the occurrence of any of the following:

(i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or

(ii) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

(iii) any material change in conditions of local, national or international securities markets occurs; or

(iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the CCT Tech Group; or

(v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or

(vi) any litigation or claim of a material nature being instigated against any member of the CCT Tech Group; or

(vii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by CCT Tech of any other provision of the Placing Agreement; or

(viii) there is any material adverse change in the financial or business or trading position of CCT Tech; or

(ix) market condition which in the view of the Placing Agent renders it inappropriate, inadvisable or inexpedient to proceed with the Placing.

If the Placing Agreement is terminated or lapsed without completion, appropriate announcement will be made by CCT Tech and the Company on the date of termination.

(5) Fund Raising Activities in the Past 12 Months

CCT Tech has not conducted any equity capital fund raising activities in the past twelve months before the Latest Practicable Date.

SHAREHOLDING STRUCTURE OF CCT TECH

The table below shows the shareholding structure of CCT Tech (a) as at the Latest Practicable Date before the Capital Reorganisation; (b) immediately after the Capital Reorganisation and after issue of the Placing Shares (assuming that the Placing is undertaken after the Capital Reorganisation becoming effective and assuming that the maximum number of the Placing Shares have been allotted and issued); (c) immediately after the Capital Reorganisation, the issue of the Placing Shares and the Completion but before any conversion of the Redeemable CPS; and (d) after the Capital Reorganisation, issue of the Placing Shares, the Completion and full conversion of all the 3,466,700,000 Redeemable CPS, assuming that in all cases, (i) there is no change in the issued share capital and shareholding structure of CCT Tech from the Latest Practicable Date to the time immediately before the Placing and Completion; and (ii) the Lock-up Undertakings on conversion as set out in sub-section headed "Lock-up Undertakings and Charge on the Redeemable CPS" under the section headed "The S&P Agreement and the Transactions" above does not apply.

	As at the Latest Practicable Date		Immediately after the Capital Reorganisation becoming effective but before the Placing and the Completion	
	No. of CCT Tech Existing Shares	*(%)*	*No. of CCT Tech Ordinary Shares*	*(%)*
Name of the controlling CCT Tech Shareholders:				
Jade Assets	29,326,391,124	44.83	2,932,639,112	44.83
Expert Success	2,350,000,000	3.59	235,000,000	3.59
CCT Assets	1,350,000,000	2.07	135,000,000	2.07
CCT Telecom Total	**33,026,391,124**	**50.49**	**3,302,639,112**	**50.49**
Name of the CCT Tech Directors:				
Mak Shiu Tong, Clement	120,000,000	0.18	12,000,000	0.18
Tam Ngai Hung, Terry	20,000,000	0.03	2,000,000	0.03
Cheng Yuk Ching, Flora	18,000,000	0.03	1,800,000	0.03
Chen Li	10,000,000	0.02	1,000,000	0.02
Sub-total for the CCT Tech Directors *(Note)*	**168,000,000**	**0.26**	**16,800,000**	**0.26**
InnoMed Owner and the Vendor:				
InnoMed Owner	0	0.00	0	0.00
Vendor	0	0.00	0	0.00
Sub-total for the InnoMed Owner and the Vendor	**0**	**0.00**	**0**	**0.00**
Total non-public CCT Tech Shareholders	**33,194,391,124**	**50.75**	**3,319,439,112**	**50.75**
Public CCT Tech Shareholders:				
Placees	0	0.00	0	0.00
Other public CCT Tech Shareholders	32,219,602,866	49.25	3,221,960,286	49.25
Sub-total for public CCT Tech Shareholders	**32,219,602,866**	**49.25**	**3,221,960,286**	**49.25**
Total	**65,413,993,990**	**100.00**	**6,541,399,398**	**100.00**

	Immediately after the Capital Reorganisation becoming effective but before the Placing and the Completion		Placing of the Placing Shares	Immediately after the Capital Reorganisation becoming effective, the Placing and the Completion but before any conversion of the Redeemable CPS	
	No. of CCT Tech Ordinary Shares	*(%)*	*No. of CCT Tech Ordinary Shares*	*No. of CCT Tech Ordinary Shares*	*(%)*
Name of the controlling CCT Tech Shareholders:					
Jade Assets	2,932,639,112	44.83	0	2,932,639,112	37.40
Expert Success	235,000,000	3.59	0	235,000,000	3.00
CCT Assets	135,000,000	2.07	0	135,000,000	1.72
CCT Telecom Total	**3,302,639,112**	**50.49**	**0**	**3,302,639,112**	**42.12**
Name of the CCT Tech Directors:					
Mak Shiu Tong, Clement	12,000,000	0.18	0	12,000,000	0.15
Tam Ngai Hung, Terry	2,000,000	0.03	0	2,000,000	0.03
Cheng Yuk Ching, Flora	1,800,000	0.03	0	1,800,000	0.02
Chen Li	1,000,000	0.02	0	1,000,000	0.01
Sub-total for the CCT Tech Directors *(Note)*	**16,800,000**	**0.26**	**0**	**16,800,000**	**0.21**
InnoMed Owner and the Vendor:					
InnoMed Owner	0	0.00	0	0	0.00
Vendor	0	0.00	0	0	0.00
Sub-total for the InnoMed Owner and the Vendor	**0**	**0.00**	**0**	**0**	**0.00**
Total non-public CCT Tech Shareholders	**3,319,439,112**	**50.75**	**0**	**3,319,439,112**	**42.33**
Public CCT Tech Shareholders:					
Placees	0	0	1,300,000,000	1,300,000,000	16.58
Other public CCT Tech Shareholders	3,221,960,286	49.25	0	3,221,960,286	41.09
Sub-total for public CCT Tech Shareholders	**3,221,960,286**	**49.25**	**1,300,000,000**	**4,521,960,286**	**57.67**
Total	**6,541,399,398**	**100.00**	**1,300,000,000**	**7,841,399,398**	**100.00**

	Immediately after the Capital Reorganisation, the Placing, and the Completion but before any conversion of the Redeemable CPS		Immediately after full conversion of all the 3,466,700,000 Redeemable CPS	
	No. of CCT Tech Ordinary Shares	*(%)*	*No. of CCT Tech Ordinary Shares*	*(%)*
Name of the controlling CCT Tech Shareholders:				
Jade Assets	2,932,639,112	37.40	2,932,639,112	25.93
Expert Success	235,000,000	3.00	235,000,000	2.08
CCT Assets	135,000,000	1.72	135,000,000	1.20
CCT Telecom Total	**3,302,639,112**	**42.12**	**3,302,639,112**	**29.21**
Name of the CCT Tech Directors:				
Mak Shiu Tong, Clement	12,000,000	0.15	12,000,000	0.10
Tam Ngai Hung, Terry	2,000,000	0.03	2,000,000	0.02
Cheng Yuk Ching, Flora	1,800,000	0.02	1,800,000	0.02
Chen Li	1,000,000	0.01	1,000,000	0.01
Sub-total for the CCT Tech Directors *(Note)*	**16,800,000**	**0.21**	**16,800,000**	**0.15**
InnoMed Owner and the Vendor:				
InnoMed Owner	0	0.00	650,000,000	5.75
Vendor	0	0.00	2,816,700,000	24.91
Sub-total for the InnoMed Owner and the Vendor	**0**	**0.00**	**3,466,700,000**	**30.66**
Total non-public CCT Tech Shareholders	**3,319,439,112**	**42.33**	**6,786,139,112**	**60.02**
Public CCT Tech Shareholders:				
Placees	1,300,000,000	16.58	1,300,000,000	11.50
Other public CCT Tech Shareholders	3,221,960,286	41.09	3,221,960,286	28.48
Sub-total for public CCT Tech Shareholders	**4,521,960,286**	**57.67**	**4,521,960,286**	**39.98**
Total	**7,841,399,398**	**100.00**	**11,308,099,398**	**100.00**

Note: The interest of the CCT Tech Directors in the Shares as at the Latest Practicable Date is as follows:

Name of the CCT Tech Directors	Number of the Shares beneficially held			Approximate percentage of the total issued share capital of the Company *(%)*
	Personal interest	Interests through controlled corporations	Total	
Mak Shiu Tong, Clement	8,475,652	294,775,079	303,250,731	50.03
Tam Ngai Hung, Terry	500,000	–	500,000	0.08
William Donald Putt	591,500	–	591,500	0.10

The Placing Shares of 1,300,000,000 CCT Tech Ordinary Shares represents approximately 19.87% of the total issued CCT Tech Ordinary Shares immediately after the Capital Reorganisation becoming effective but before issue of the Placing Shares and the Completion, approximately 16.58% of the total issued CCT Tech Ordinary Shares as enlarged by the Placing Shares but before issue of the Conversion Shares and approximately 11.50% of the total issued CCT Tech Ordinary Shares as enlarged by the Placing Shares and the Conversion Shares to be issued upon full conversion of the Redeemable CPS.

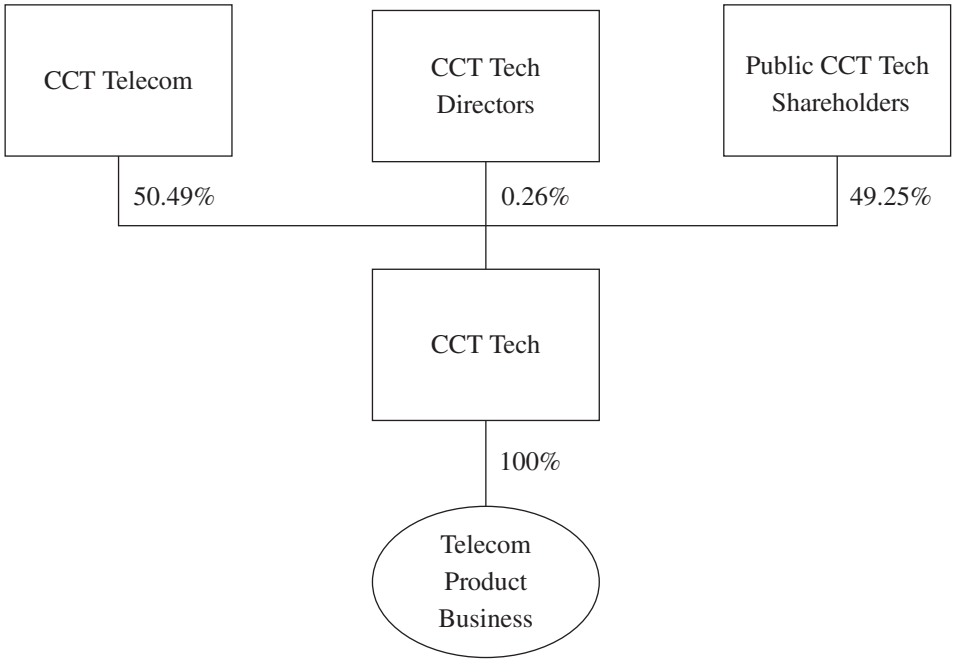
The Conversion Shares of 3,466,700,000 CCT Tech Ordinary Shares, subject to adjustment of the Conversion Ratio, arising from the full conversion of the Redeemable CPS represents approximately 53.00% of the total issued CCT Tech Ordinary Shares immediately after the Capital Reorganisation becoming effective but before issue of the Placing Shares and the Completion, approximately 44.21% of the total issued CCT Tech Ordinary Shares as enlarged by the Placing Shares but before issue of the Conversion Shares, and approximately 30.66% of the total CCT Tech Ordinary Shares as enlarged by the Placing Shares and the Conversion Shares.

Applications have been made to the Stock Exchange for the listing of, and the permission to deal in the CCT Tech Ordinary Shares in issue following completion of the Capital Reorganisation, the Placing Shares, and the Conversion Shares to be issued upon the conversion of the Redeemable CPS.

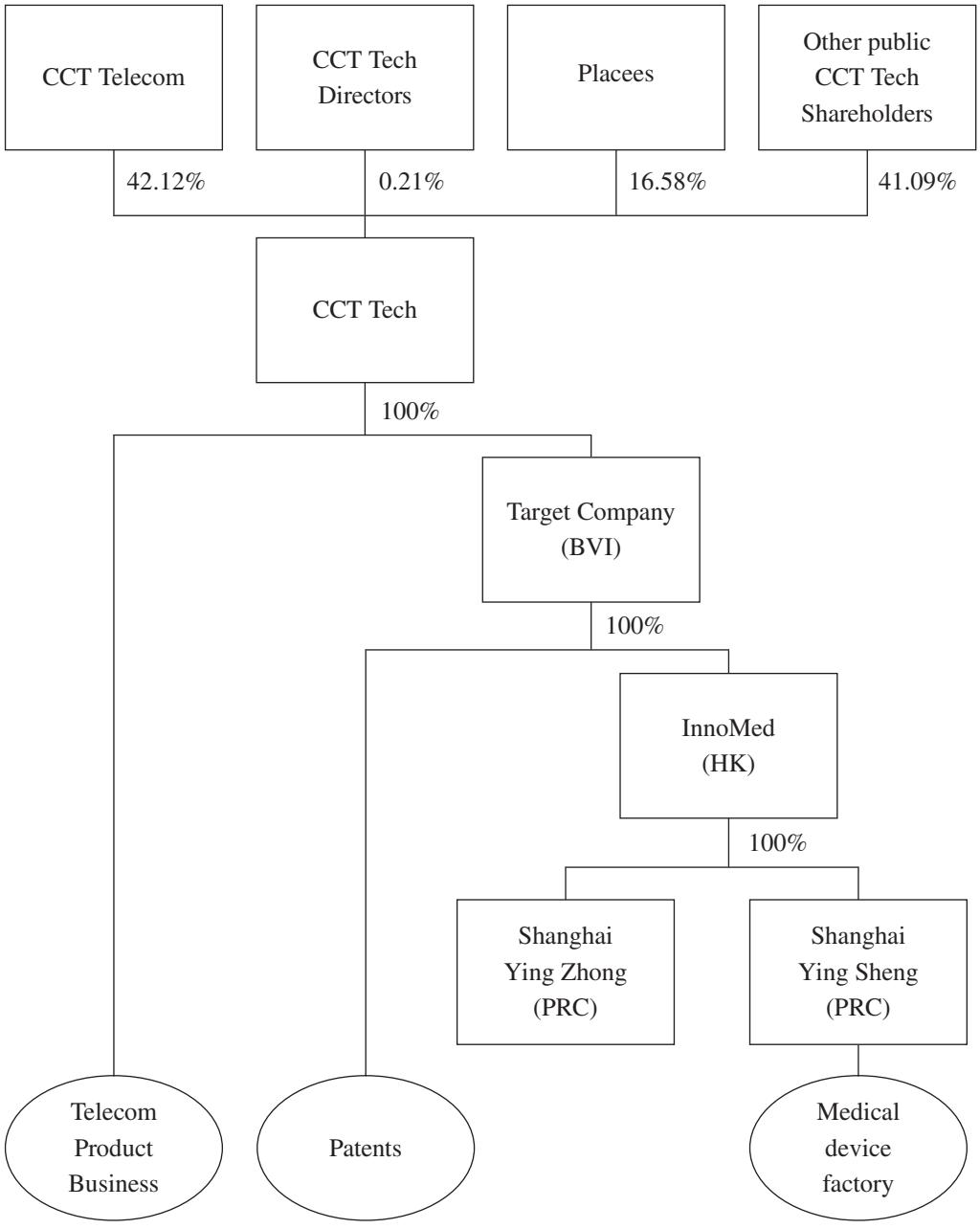
This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares of CCT Tech.

SHAREHOLDING CHART OF CCT TECH

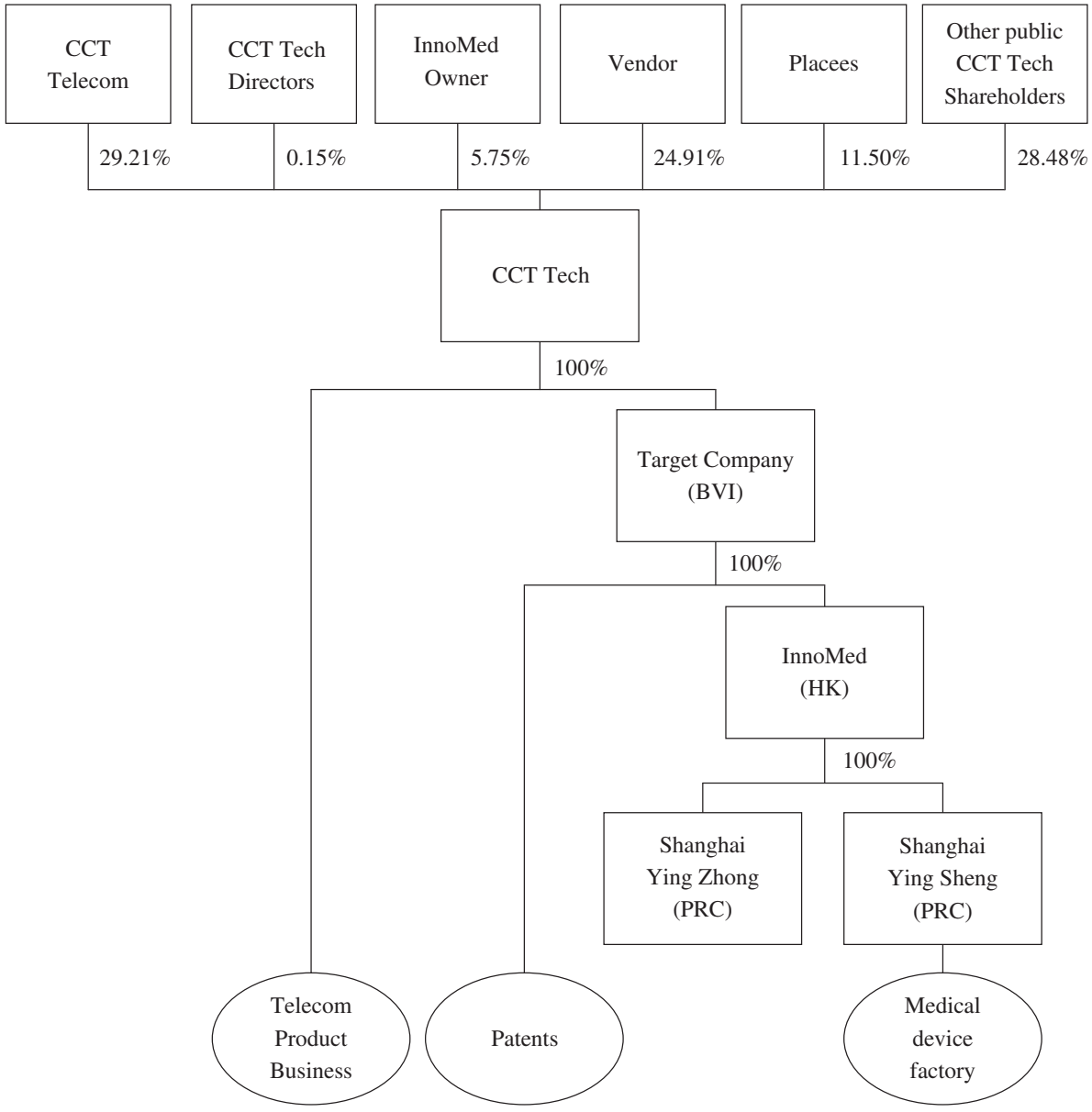
(a) As at the Latest Practicable Date



(b) Immediately after the Capital Reorganisation, Placing and Completion but before conversion of any of the Redeemable CPS



(c) Immediately after the Capital Reorganisation, Placing, Completion and full conversion of all the 3,466,700,000 Redeemable CPS



THE PROPOSED CAPITAL REORGANISATION OF CCT TECH

The CCT Tech Board proposes to put forward a proposal to the CCT Tech Shareholders to effect the Capital Reorganisation which involves:

(1) the Share Consolidation under which every 10 CCT Tech Existing Shares of HK$0.01 each will be consolidated into one Consolidated Share of HK$0.10 each;

(2) the Capital Reduction under which the par value of each issued Consolidated Share will be reduced from HK$0.10 to HK$0.01 by cancelling HK$0.09 paid-up capital on each issued Consolidated Share;

(3) transferring the credit in the amount equal to the multiple of (i) the total number of then issued shares of CCT Tech upon the Share Consolidation becoming effective; and (ii) HK$0.09, arising from the Capital Reduction of the issued share capital of CCT Tech to the contributed surplus account of CCT Tech to offset against the accumulated losses of CCT Tech on the date the Capital Reduction becoming effective (the "**Credit Transfer**"); and

(4) subject to and forthwith upon the Share Consolidation and Capital Reduction becoming effective, the Capital Increase, under which the authorised share capital of CCT Tech will be increased from HK$120,000,000 divided into 12,000,000,000 shares of par value of HK$0.01 each in the capital of CCT Tech to HK$300,000,000 divided into 30,000,000,000 shares of par value of HK$0.01 each and the Reclassification and Re-designation of the increased authorised share capital and the creation and approval of the Redeemable CPS on the terms and conditions as specified in the Resolution so that the authorised share capital of CCT Tech will become HK$300,000,000 divided into 30,000,000,000 shares of par value of HK$0.01 each comprised of 3,466,700,000 Redeemable CPS of par value of HK$0.01 each and 26,533,300,000 CCT Tech Ordinary Shares of par value of HK$0.01 each and the re-designation of all of the then issued shares of CCT Tech into issued CCT Tech Ordinary Shares of par value of HK$0.01 each.

The CCT Tech Directors have no present intention of issuing any part of the increased authorised share capital of CCT Tech other than for the purpose of allotment and issue of the Placing Shares, the Redeemable CPS and the Conversion Shares upon exercise of the right attaching to the Redeemable CPS.

Subject to the granting of the listing of, and permission to deal in, the CCT Tech Ordinary Shares on the Stock Exchange, the CCT Tech Ordinary Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the CCT Tech Ordinary Shares on the Stock Exchange, or such other date as determined by HKSCC.

The proposed Capital Reorganisation is conditional upon, among others, the CCT Tech Shareholders' approval of the proposed Capital Reorganisation (including the Resolution), the S&P Agreement and all transactions contemplated thereunder at the CCT Tech SGM, and the Shareholders' approval of the S&P Agreement and all transactions contemplated thereunder at the SGM. CCT Tech will not proceed with the proposed Capital Reorganisation if the CCT Tech Shareholders do not approve the S&P Agreement and the Transactions at the CCT Tech SGM.

Financial effects of the very substantial acquisition and the Placing and very substantial disposal arising from the Transactions on the Group

Before Completion, all members of the CCT Tech Group are non wholly-owned subsidiaries of the Company and the assets, liabilities and results of the CCT Tech Group have been consolidated into the accounts of the Company. As such, the Transactions will constitute a very substantial acquisition for the Company under the Listing Rules. Upon completion of the Placing, CCT Tech will raise approximately HK$234 million from the Placing. The funds raised will increase the share capital and cash of the CCT Tech Group, which will be used to finance the Subscription Consideration and to finance the working capital and/or general corporate purpose of the CCT Tech Group and the Telecom Product Business. Upon Completion, each member of the Target Group will become subsidiary of CCT Tech and their assets and liabilities, profit or loss will be consolidated into CCT Tech. The Target Group has not yet commenced business and has no revenue for the time being. Although it will not contribute to the revenue and earnings to the CCT Tech Group immediately after Completion, it is expected that the Target Group and its Medical Device Business will contribute significant revenue and earnings to the CCT Tech Group when it commences business and starting generating revenue.

Upon completion of the Placing, the shareholding of the Company in CCT Tech will be diluted from over 50% to below 50% and as a result, members of the CCT Tech Group will cease to be subsidiaries of the Company. As such, the assets, liabilities, revenue, profit or loss of the CCT Tech Group will not be consolidated into the accounts of the Group after completion of the Placing and after Completion. Instead, the CCT Tech Group and its interest in the Target Group after completion of the Placing and after Completion will be accounted for as interest in an associated company in the accounts of the Group.

(a) Net assets value

Based on the unaudited pro forma consolidated statement of financial position of the Group as set out in Appendix IV (1) to this circular which illustrates the effect of the Transactions on the financial position of the Enlarged Group, on the basis of the assumptions as stated in Appendix IV, the total assets of the Enlarged Group as at 30 June 2010 would have been increased by approximately HK$762 million, the total liabilities of the Enlarged Group would have been increased by approximately HK$159 million and the pro forma net assets value of the Enlarged Group would have been increased by approximately HK$603 million from approximately HK$2,435 million to approximately HK$3,038 million. The increase in the net assets value is due to the net effect of: (i) the increase in intangible assets by inclusion of fair value of the Patents of approximately HK$624 million; (ii) the inclusion of the goodwill of HK$170 million, arising from the acquisition of the Target Group; (iii) the inclusion of fair value of the Put Option of HK$5 million; (iv) the net assets of the Target Group (net of the InnoMed Shareholder's Loan) of approximately HK$2 million; (v) the deduction of the deferred tax liabilities on the fair value of the Patents of HK$156 million; and (vi) the cash outflow of approximately HK$42 million for the InnoMed Cash Consideration and the expenses and legal and professional fees relating to the Transactions.

In the event of completion of the Placing, the shareholding of the Company in CCT Tech will be reduced from approximately 50.49% to approximately 42.12%, CCT Tech will cease to be a subsidiary of the Company and CCT Tech's accounts will not be consolidated into the accounts of the Group. Based on the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in the Appendix IV (1) to this circular which illustrates the effect of the Placing, on the basis of the assumptions as stated in the Appendix IV, the consolidated total assets of the Enlarged Group would have been decreased by approximately HK$1,810 million resulting in the pro forma unaudited total assets of the Remaining Group to have decreased to approximately HK$2,710 million, as a result of the Placing, the consolidated total liabilities of the Enlarged Group would have been decreased by approximately HK$982 million and the consolidated net assets value of the Enlarged Group would have been decreased by approximately by HK$828 million, resulting in the pro forma unaudited total liabilities and consolidated net assets value of the Remaining Group to have decreased to approximately HK$500 million and HK$2,210 million, respectively. The decrease in the consolidated net assets value as a result of the Placing is primarily due to the net effect of (i) the de-consolidation of the net assets of the CCT Tech Enlarged Group of approximately HK$1,350 million; (ii) the reversal of additional depreciation and amortisation charges on the factory complex leased by the CCT Tech Group to the Group of HK$60 million; and (iii) the re-classification of the Group's share of interest in CCT Tech as an associated company resulting in an increase in the mark-to-market value of such assets by approximately HK$462 million.

(b) Earnings

The audited consolidated profit of the Group for the year ended 31 December 2009 amounted to approximately HK$33 million. Based on the unaudited pro forma consolidated income statement of the Group as set out in the Appendix IV (2) to this circular which illustrates the effect of the Transactions on the result of the Enlarged Group, on the basis of the assumptions as stated in Appendix IV, the unaudited consolidated profit of the Enlarged Group for the year ended 31 December 2009 would have been decreased by approximately HK$22 million to approximately HK$11 million, which decrease is calculated by: (i) crediting the release of the deferred tax liabilities of approximately HK$5 million per annum attributable to the amortisation charges of the Patents; (ii) debiting the net loss of the Target Group for the year ended 31 December 2009 of approximately HK$3 million; and (iii) debiting the charge of amortisation of the Patents of approximately HK$21 million per annum and the estimated amount of expenses and legal and professional fees relating to the Transactions of approximately HK$3 million.

In the event of the completion of the Placing, the shareholding of the Company in CCT Tech will be reduced from approximately 50.49% to approximately 42.12%, and as such, CCT Tech will cease to be a subsidiary of the Company. Under such circumstances, CCT Tech's accounts will not be consolidated into the accounts of the Group. Based on the unaudited pro forma consolidated income statement of the Remaining Group as set out in the Appendix IV (2) to this circular, the consolidated profit of the Remaining Group would have been increased by approximately HK$91 million as a result of the de-consolidation of the consolidated results of the CCT Tech Enlarged Group from the Group. The increase in consolidated profit of the Remaining Group as a result of the Placing is mainly due to (i) the effect of the exclusion of the unaudited consolidated loss of the CCT Tech Enlarged Group for the year ended 31 December 2009 amounted to approximately HK$24 million; (ii) the inclusion of the pro forma unaudited gain arising from the deemed disposal of the equity interest in the CCT Tech of HK$58 million; and (iii) the reversal of additional depreciation and amortisation charges of approximately HK$9 million on the factory complex leased by the CCT Tech Group to the Group.

Financial effects of the possible very substantial disposal on the Group

The shareholding of the Company in CCT Tech will be further diluted from approximately 42.12% to approximately 29.21% as a result of the allotment and issue of all the 3,466,700,000 Redeemable CPS by CCT Tech and the full conversion of all the 3,466,700,000 Redeemable CPS into CCT Tech Ordinary Shares. After the full conversion of all the 3,466,700,000 Redeemable CPS into CCT Tech Ordinary Shares, the Group will continue to account for the interest in CCT Tech as an associated company.

(a) Net assets value

Based on the unaudited pro forma consolidated statement of financial position of the Group as set out in Appendix IV (1) to this circular which illustrates the effect of the full conversion of all the 3,466,700,000 Redeemable CPS on the financial position of the Remaining Group, on the basis of the assumptions as stated in Appendix IV, the total assets, the total liabilities and the net asset value of the Remaining Group as at 30 June 2010 would remain unchanged due to the estimated fair market value of 29.12% shareholding interest in CCT Tech is same as the estimated fair market value of 42.12% shareholding interest in CCT Tech which are calculated base on the market price of CCT Tech Existing Share on the Latest Practicable Date and assume the conversion of all the 3,466,700,000 Redeemable CPS into CCT Tech Ordinary Shares had taken place on 30 June 2010.

(b) Earnings

Based on the unaudited pro forma consolidated income statement of the Remaining Group as set out in the Appendix IV (2) to this circular which illustrates the effect of the full conversion of all the 3,466,700,000 Redeemable CPS into CCT Tech Ordinary Shares on the result of the Remaining Group, on the basis of the assumptions as stated in Appendix IV. The unaudited consolidated profit of the Remaining Group for the year ended 31 December 2009 would have been increased by approximately HK$5 million to approximately HK$107 million due to the decrease in share of loss of the CCT Tech Enlarged Group arising from dilution of shareholding interest in CCT Tech from approximately 42.12% to approximately 29.12%.

TREND OF BUSINESS OF THE ENLARGED GROUP

The Enlarged Group is principally engaged in (i) the Telecom Product Business through CCT Tech Group; (ii) the manufacture of power supply and plastic components; (iii) the manufacture and sale of infant and child products, wise games and toys and home-use healthcare products; (iv) the securities business; (v) properties development and holding; and (vi) upon Completion, will also be engaged in the Medical Device Business.

The Target Group has conducted scientific and medical R&D activities but has not commenced any commercial operations or generated any revenue up to the Latest Practicable Date. The Target Group will be engaged in the Medical Device Business, which will involve production and sale of cardiovascular medical devices. As disclosed in the sections headed "Reasons for the Transactions" and "Industry overview of medical device industry" above, the global market of the medical device industry is huge and is growing rapidly in the PRC. The Specified Product is the next generation of cardiovascular stent, developed based on advanced technology and has proved to be feasible and safe based on animal and human tests. It is expected that the Specified Product is likely to be accepted by the market, and sales orders will start to increase when the Target Group commences business.

As disclosed in the Company's interim report for the six months ended 30 June 2010, turnover for the first half increased by 14.5% as compared with that for the corresponding period last year. It is expected that the market environment in the second half and going forward will continue to be uncertain as the global economy, especially in the USA and Europe has grown in a sluggish manner. It is expected that the business of the Telecom Product Business in the second half of the year is steady and there will not be any material adverse change from that of last year.

Performance of the infant and child products business in the first half of 2010 is encouraging. Turnover of the segment jumped 75.8% as compared with the last corresponding period, although its contribution to the total turnover of the Group only represents 13.3% for the first half of 2010. This business segment has good growth potential as this business is less subjective to economic cycle and downturn.

Both the securities business and the property segments of the Group contributed very insignificant revenue to the total turnover of the Group during the first half of 2010. It is difficult to forecast whether the securities business and property segments will contribute any significant revenue to the Group's turnover in the second of 2010 as it will depend whether any significant sales of securities and properties will take place in the second half of 2010.

TRADING AND FINANCIAL PROSPECTS OF THE ENLARGED GROUP

The management of the Telecom Product Business anticipates that market competition, the labour shortage in the Guangdong Province, rise in operating costs and the probable further appreciation of Renminbi will remain key challenges and affect the profitability of the Telecom Product Business and other manufacturing businesses of the Enlarged Group. However, the Enlarged Group will continue to take various initiatives including cost control, development and launch of hi-tech advance products in order to remain competitive. The license of the GE trademark in early 2010 has also opened a new avenue for the future business growth of the Telecom Product Business of the Enlarged Group and is expected to deliver potential benefits to the Group.

The gross margin of the infant and child product business is better than that of the Telecom Product Business. Although its size is relatively small compared with the Enlarged Group, it has contributed positive earnings to the Enlarged Group. The Enlarged Group has already taken initiative to restructure and streamline the operations of this segment and has dedicated resources for development of high quality baby products at competitive prices. The Directors expect that the gross margin of this segment will be improved as a result of such initiatives.

With the strength of the economy of the PRC and the buoyant Hong Kong property and stock market, the properties development and holding business and the securities business is expected to perform well going forward and will deliver satisfactory results to the Enlarged Group.

The financial position of the Enlarged Group remains strong. The gearing ratio of the Enlarged Group remains at a low level and after taking into account the cash on hand, the Enlarged Group does not have any net borrowings.

The Directors consider that the Medical Device Business has huge potential, especially for the PRC market. With the PRC government's new healthcare reform which improves the accessibility and affordability of healthcare to general public in the PRC as well as the concurrent expansion of the medical insurance program, the demand for medical devices in the PRC is expected to escalate. The margin of medical device industry is generally high and much better than the Telecom Product Business. As such, the Directors take the view that the Medical Device Business will likely be operating in a favorable business environment and is expected to generate substantial revenue to the CCT Tech Enlarged Group when the Medical Device Business commences business. The development and working capital of the Medical Device Business will be financed by funds from the Placing. It is not expected that Medical Device Business will require any substantial external borrowings. Its financial position is expected to be healthy. Once it commences business and generates revenue, its financial position will be further strengthened.

TRADING AND FINANCIAL PROSPECTS OF THE REMAINING GROUP

The Remaining Group will principally be engaged in (i) the manufacture of power supply and plastic components; (ii) the manufacture and sale of infant and child products, wise games and toys and home-use healthcare products; (iii) the securities business; and (iv) properties development and holding.

The Directors anticipate that market competition, the labour shortage in the Guangdong Province, rise in operating costs and the probable further appreciation of Renminbi will remain key challenges and affect the profitability of the component manufacturing business of the Remaining Group. However, the Remaining Group will continue to take various initiatives including cost control, improve efficiency of its component manufacturing business in order to remain competitive.

The gross margin of the infant and child product business is generally higher than the component manufacturing business and this business segment has been less affected by economics downturn by financial crisis. This business segment has contributed positive earnings to the Remaining Group. The Remaining Group has already taken initiative to restructure and streamline the operations of this segment and has dedicated resources for development of high quality baby products at competitive prices. The Directors expect that the gross margin of this segment will be improved as a result of such initiatives. Furthermore, the Remaining Group has diversified this business segment into the design, manufacturing and sale of the wise games and toys and home-use healthcare products which the Board consider to have good potential to grow in the future.

With the strength of the economy of the PRC and the buoyant Hong Kong property and stock market, the properties development and holding business and the securities business is expected to perform well going forward and will deliver satisfactory results to the Remaining Group.

The financial position of the Remaining Group remains strong. The Remaining Group maintain sufficient working capital and the gearing ratio of the Remaining Group remains at a low level.

LISTING RULES IMPLICATIONS

(a) Very substantial acquisition for the Company

As CCT Tech is a non wholly-owned subsidiary of the Company as at the Last Practicable Date, the Transactions constitute a very substantial acquisition for the Company under the Listing Rules. The entering into of the S&P Agreement by CCT Tech, the Transactions and the other transactions contemplated thereunder are therefore subject to approval by the Shareholders at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, the Target Company and their respective associates do not hold any Shares as at the Latest Practicable Date. No Shareholder has a material interest in the Transactions, and therefore no Shareholder is required to abstain from voting on the resolution(s) to approve the S&P Agreement, the Transactions and the other transactions contemplated thereunder at the SGM.

(b) Very substantial disposal and possible very substantial disposal for the Company

The dilution of the Company's shareholdings in CCT Tech as a result of the allotment and issue of the Placing Shares by CCT Tech and the possible maximum dilution of the Company's shareholdings in CCT Tech as a result of the allotment and issue of the Conversion Shares by CCT Tech arising from the full conversion of the Redeemable CPS will constitute a very substantial disposal and a possible very substantial disposal respectively for the Company under the Listing Rules. The very substantial disposal and the possible very substantial disposal are subject to the approval by Shareholders at the SGM. No Shareholder is required to abstain from voting on the resolution(s) to approve the very substantial disposal and the possible very substantial disposal at the SGM.

In respect of the Transactions, Samsung Securities (Asia) Limited has been appointed as the financial adviser of the Company and CCT Tech.

As the completion of each of the Placing Agreement and the S&P Agreement is subject to fulfillment of a number of conditions precedent, each of the Placing and the Transactions may or may not proceed. The CCT Tech Shareholders and the Shareholders and potential investors of CCT Tech and the Company should exercise caution in dealing in the securities of CCT Tech and the Company.

SGM

A notice convening the SGM to be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Friday, 24 December 2010 at 11:00 a.m. is set out on pages 192 to 194 of this circular. At the SGM, ordinary resolution(s) will be proposed and, if thought fit, passed to approve the S&P Agreement, the Transactions, the very substantial disposal and the possible very substantial disposal of the Company.

A form of proxy for use by the Shareholders at the SGM is enclosed herein. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).

Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct.com.hk). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) in person should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, voting at the SGM will be conducted by way of poll. The chairman of the SGM will therefore demand a poll on the resolution(s) put forward at the SGM pursuant to bye-law 66 of the bye-laws of the Company. An announcement on the poll voting results of the SGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct.com.hk) after the SGM.

RECOMMENDATION

The Directors are of the view that the S&P Agreement and the Transactions are fair and reasonable to CCT Tech and the Company and in the interest of CCT Tech and the Company and their respective shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution(s) proposed at the SGM to approve the entering of the S&P Agreement by CCT Tech, the Transactions and all the transactions contemplated thereunder, the very substantial disposal and the possible very substantial disposal as a result of dilution of the Company's shareholdings in CCT Tech.

ADDITIONAL INFORMATION

Your attention is drawn to further information contained in the appendices and the notice of the SGM, which form part of this circular.

Yours faithfully,
For and on behalf of the Board of
CCT TELECOM HOLDINGS LIMITED
Mak Shiu Tong, Clement
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group (i) for the six months ended 30 June 2010 is disclosed on pages 15 to 33 of the interim report of the Company for the six months ended 30 June 2010 published on 24 August 2010; (ii) for the year ended 31 December 2009 is disclosed on pages 42 to 121 of the annual report of the Company for the year ended 31 December 2009 published on 20 April 2010; (iii) for the year ended 31 December 2008 is disclosed on pages 40 to 116 of the annual report of the Company for the year ended 31 December 2008 published on 21 April 2009; and (iv) for the year ended 31 December 2007 is disclosed on pages 51 to 133 of the annual report of the Company for the year ended 31 December 2007 published on 14 April 2008.

All these financial statements have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cct.com.hk).

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

(a) Management discussion and analysis of the Group for the year ended 31 December 2007

During 2007, the telecom and electronic product business continued to be the principal business of the Group, accounting for approximately 83.0% (2006: 92.5%) of the Group's total turnover. Turnover from the telecom and electronic products business dropped by approximately 13.1% to HK$3,374 million in 2007, as compared to HK$3,882 million in 2006. The drop in turnover from the telecom and electronic products business was mainly due to adverse business environment. As turnover from the securities investment business increased substantially from approximately HK$149 million in 2006 to approximately HK$486 million in 2007, up approximately 226.2%, the relative percentage of the turnover contribution from the securities investment business to the Group's total turnover jumped from approximately 3.5% in 2006 to approximately 12.0% in 2007. As a result, the relative percentage of the turnover from the telecom and electronic products business to the Group's turnover dropped from approximately 92.5% in 2006 to approximately 83.0% in 2007.

The infant and child products business remained small and accounted for approximately 2.8% (2006: 2.7%) of the total turnover in 2007.

The performance of the Group's telecom and electronic products business was badly hurt by difficult business environment and reported an operating loss of approximately HK$201 million in 2007, as compared to an operating profit of HK$109 million in 2006. The change was mainly due to the fall in average selling prices of consumer telecom products and substantial increase in operating costs.

The infant and child product business reported an operating profit of HK$9 million in 2007 due to successful efforts of the management to improve efficiency and control costs.

The securities investment business benefited from the buoyant Hong Kong stock market in 2007 and its operating profit increased significantly to HK$130 million in 2007, representing an

impressive growth of 170.8%. The growth was mainly attributable to the gains and dividend income from listed shares and interest from equity-linked notes due to the booming stock market in 2007.

The gains of the property investment and development business in 2007 were derived mainly from the disposal of an office investment property and rental income less related expenses.

The gains in the corporate and others segment in 2007 represented mainly the gains derived from disposal of the Group's partial interests in CCT Tech during 2007 less the head office administrative expenses and the loss of the e-commerce business.

Capital structure and gearing ratio

The Group's gearing ratio, calculated on the basis of the Group's total borrowings over total capital employed (equity plus total borrowings), was approximately 11.9% as at 31 December 2007 (31 December 2006: 15.5%). The gearing ratio was maintained at low level which reflected a healthy financial position and the prudent financial policy of the Group. Taking into account the cash on hand, the Group in fact did not have any net borrowings and the net cash balance (net of borrowings) of the Group amounted to HK$1,487 million as at 31 December 2007 (31 December 2006: HK$450 million).

Outstanding bank borrowings amounted to HK$385 million at 31 December 2007 (31 December 2006: HK$450 million). Approximately 54.3% of these bank borrowings were arranged on a short-term basis for the ordinary business of the Group and were repayable within one year. The remaining 45.7% of the bank borrowings were of long-term nature, principally comprised mortgage loans on investment properties and properties used by the Group.

Acquisition of certain of the Group's assets was financed by way of finance leases and the total outstanding finance lease payables for the Group as at 31 December 2007 amounted to approximately HK$8 million (31 December 2006: HK$4 million).

As at 31 December 2007, the maturity profile of the bank and other borrowings and convertible bonds of the Group falling due within one year, in the second to the fifth year and in the sixth to the tenth year amounted to HK$212 million, HK$163 million and HK$61 million, respectively (31 December 2006: HK$207 million, HK$208 million and HK$88 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and financial resources

The Group's current ratio as at 31 December 2007 was 243.0% (31 December 2006: 177.1%). The current ratio improved significantly, mainly due to the increase in cash during the year 2007. The strong liquid position was attributable to the effective financial management of the Group.

As at 31 December 2007, the Group's total cash balance amounted to HK$1,923 million (31 December 2006: HK$953 million), of which HK$250 million (31 December 2006: HK$88 million) was pledged for banking facilities granted to the Group.

Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. The strong cash balance plus the funds available from the bank facilities provided sufficient cash resources to cover all cash requirements, including working capital and capital expenditure needs.

Capital commitments

The Group's capital commitments amounted to approximately HK$79 million as at 31 December 2007 (31 December 2006: HK$69 million), which were mainly related to capital expenditure for the manufacturing business of the Group and all of which would be financed by internal resources.

Treasury management

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During 2007, the Group's receipts were mainly denominated in US dollar, with some in Hong Kong dollar and the Euro. Payments were mainly made in Hong Kong dollar, US dollar and Renminbi and some made in Euro. Cash was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollars and US dollar. As at 31 December 2007, the Group's borrowings were mainly denominated in Hong Kong dollar and US dollar. As at 31 December 2007, other than the convertible bonds in the aggregate principal amount of approximately HK$48 million which was interest-free, the Group's borrowings were principally made on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group did not have any significant interest rate risk in 2007 as both the borrowings of the Group and the interest rates were remained at low levels. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar in terms of receipts and the Renminbi in terms of the production costs (including mainly wages and overheads) in the PRC. For US dollar exposure, since the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation is not expected to be significant. Above all, as most of the Group's purchases are also made in US dollars, which are to be paid out of the Group's sales receipts in US dollars, the management considers that the foreign exchange exposure risk for the US dollar is not material.

For Renminbi exposure, as the wages and overheads of the Group's factories in the PRC are paid in Renminbi, the Group's production costs will rise due to the possible further appreciation of Renminbi. Any further appreciation of the Renminbi in the near future will be of concern to all manufacturers with manufacturing facilities in the PRC. The Group will continue to explore ways and methods to hedge future appreciation of Renminbi. The Group invested some of its surplus funds on listed shares that the Group believes will benefit from appreciation of Renminbi. The Group hopes that the returns and gains that it may derive from these listed shares will hedge partly against the potential appreciation of the Renminbi.

Acquisition and disposal of material subsidiaries and associates

Save as the disclosed below, the Group did not acquire of any material subsidiaries and associates during 2007. During 2007, the Group disposed part of its shareholding interest in CCT Tech to the extent of 15 billion shares. After the disposal, the Group still held 50.5% shareholding interest in CCT Tech as at 31 December 2007 and CCT Tech is still a principal subsidiary of the Company.

Significant investment

During prior financial year of 2006, the Group increased its property investment by acquiring two luxury residential properties for rental purposes for a total consideration of HK$177 million. Saved as disclosed, there was no significant investment unrelated to the core manufacturing business of the Group during the financial years 2006 and 2007.

Pledge of assets

As at 31 December 2007, certain of the Group's assets with a net book value of HK$804 million (31 December 2006: HK$1,004 million) and time deposits of HK$250 million (31 December 2006: HK$88 million) were pledged to secure banking facilities granted to the Group.

Contingent liabilities

As at 31 December 2007, the banking facilities granted to the subsidiaries subject to the corporate guarantees given to banks by the Company were utilised to the extent of approximately HK$165 million (31 December 2006: HK$247 million).

Employees and remuneration policy

The total number of employees of the Group as at 31 December 2007 was 16,278 (31 December 2006: 17,820). Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2007, there were no outstanding share options granted by the Company.

(b) Management discussion and analysis for the year ended 31 December 2008

During 2008, the telecom product business continued to be the principal business of the Group, accounting for 94.6% (2007: 90.5%) of the Group's total turnover. During 2008, the Group's largest single customer in the U.S. has discontinued its retail telephony activities in North America (the "**Discontinuation**"). As a result of the Discontinuation, turnover from the telecom product business declined by approximately 17.7% to HK$2,776 million in 2008, as compared to HK$3,374 million in 2007, due to contraction of global consumption as affected by the financial tsunami. The telecom product business posted an operating loss of approximately HK$623 million for the year ended 31 December 2008, as compared to an operating loss of approximately HK$201 million in the previous corresponding year 2007. The unsatisfactory results of the telecom product

business was due to the combined effect of the reduced sales volume, high material and labour costs which affected the gross margins of the business, and the exceptional items related to the Discontinuation. The telecom product business was shown encouraging improvement in its operating performance as the operating loss before exceptional items in the second half of 2008 had reduced by 29.7% from that in the first half, signaled a positive sign of the Group's efforts in reviving its manufacturing business.

Despite the adverse business environment, the turnover of the Group's infant and child business segment reported an impressive growth from approximately HK$115 million in 2007 to approximately HK$140 million in 2008, up approximately 21.7%. Although the infant and child product business group remained small which accounted for only 4.8% (2007: 3.1%) of the Group's total turnover for the year ended 31 December 2008, it reported an operating profit of approximately HK$8 million in 2008. The satisfactory performance of the infant and child business segment was due to successful efforts of the management to improve efficiency and control costs.

Net realised loss of HK$149 million for 2008 (net realised gain of HK$149 million for 2007) derived from the securities business on a net basis was accounted for as "revenue" in the consolidated income statement to conform with the 2008's presentation. The performance of the Group's securities business was seriously affected by the volatility and the downturn of the Hong Kong stock market in 2008 and as a result, the Group's securities business posted a substantial loss of HK$555 million, attributable to the net realised loss from trading of listed shares and the unrealised mark-to-market loss on the Group's investment in listed shares and financial instruments as at 31 December 2008. The securities business, however, posted a gain of approximately HK$130 million for 2007, attributable to gains and income from listed shares and equity-linked notes in the buoyant Hong Kong stock market in 2007.

The turnover of the property development and holding segment represented sale of property and rental income. This business segment incurred a loss of HK$26 million in 2008, mainly due to unrealised fair value loss on revaluation of investment properties. The profit of last year 2007 was mainly derived from disposal of a property.

Corporate and others segment represented head office income and administrative expenses. The gains in the corporate and others segment for 2007 included mainly the one-off investment gains made by the Group in 2007 but no investment gains were derived by the Group in 2008.

Capital structure and gearing ratio

The Group's gearing ratio, calculated on the basis of the Group's total borrowings over total capital employed (equity plus total borrowings), increased to approximately 17.7% as at 31 December 2008 from 11.9% as at 31 December 2007 as a result of new bank loans raised by the Group and the decrease in equity due to loss of the year 2008. Although the gearing ratio increased, it was still maintained at a low level. After taking into account the cash on hand, the Group did not have any net borrowings and in fact had a positive net cash balance (net of borrowings) of approximately HK$400 million as at 31 December 2008.

Outstanding bank borrowings amounted to HK$470 million as at 31 December 2008 (31 December 2007: HK$385 million). Approximately 73.8% of these bank borrowings were arranged on a short-term basis for the ordinary business of the Group and were repayable within one year. The remaining 26.2% of the bank borrowings were of long-term nature, principally comprised of mortgage loans on properties held by the Group.

Acquisition of certain assets of the Group was financed by way of finance leases and the total outstanding finance lease payable as at 31 December 2008 amounted to approximately HK$5 million (31 December 2007: HK$8 million).

As at 31 December 2008, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and in the sixth to the tenth year amounted to HK$351 million, HK$85 million and HK$39 million respectively (31 December 2007: HK$212 million, HK$163 million and HK$61 million respectively). All the Group's bank borrowings were borrowed to finance the ordinary business of the Group. There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and financial resources

The Group's current ratio changed from 243% as at 31 December 2007 to 196% as at 31 December 2008, reflecting a very healthy liquidity position even during the financial turmoil. Due to funds used for businesses and operations of the Group, the Group's cash balance reduced from HK$1,923 million as at 31 December 2007 to HK$875 million as at 31 December 2008, of which HK$89 million (31 December 2007: HK$250 million) was pledged for general banking facilities. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong.

In view of the substantial level of the Group's cash and bank balances, funds generated internally from the Group's operations and the unutilised banking facilities available, the Group had sufficient cash resources to meet its debt repayment and finance its operations during the financial turmoil.

Capital commitments

As at 31 December 2008, the capital commitment of the Group was approximately HK$208 million (31 December 2007: HK$79 million). The capital commitment would be funded partly by internal resources and partly by bank borrowings.

Treasury management

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the financial year 2008, the Group's receipts were mainly denominated in US dollar, with some in Hong Kong dollar and the Euro. Payments were mainly made in Hong Kong dollar, US dollars and Renminbi and some made in Euros. Cash was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollars and US dollars. As at 31 December 2008, the Group's borrowings were mainly denominated in Hong Kong dollar and US dollar. As at 31 December 2008, the Group's borrowings were principally made on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group did not have any significant interest rate risk in 2008, as both the borrowings of the Group and the interest rates were remained at low levels. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar in terms of receipts and the Renminbi in terms of the production costs (including mainly wages and overhead) in the PRC. For US dollar exposure, since the Hong Kong dollar remains pegged to the U.S. dollar, the exchange fluctuation is not expected to be significant. Above all, as most of the Group's purchases are also made in US dollars, which are to be paid out of the Group's sales receipts in US dollars, the management considers that the foreign exchange exposure risk for the US dollar is not material.

For Renminbi exposure, as the wages and overheads of the Group's factories in the PRC are paid in Renminbi, the Group's production costs may be increased by the possible further appreciation of Renminbi. The Group will continue to explore ways and methods to hedge future appreciation of Renminbi and will only consider to enter into any forward contracts at appropriate costs and pricing.

Acquisition and disposal of material subsidiaries and associates

The Group did not acquire or dispose of any material subsidiaries and associates during the 2008.

Significant investment

Save as the investment in CCT Resources, the Group did not hold any significant investment as at 31 December 2008 (31 December 2007: Nil).

Pledge of assets

As at 31 December 2008, certain of the Group's assets with a net book value of HK$714 million (31 December 2007: HK$804 million) and time deposits of HK$89 million (31 December 2007: HK$250 million) were pledged to secure the general banking facilities granted to the Group.

Contingent liabilities

As at 31 December 2008, the Group did not have any significant contingent liabilities.

Employees and remuneration policy

The total number of employees of the Group as at 31 December 2008 was 10,943 (31 December 2007: 16,278). Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2008, there was no outstanding share options issued by the Company.

(c) Management discussion and analysis for the year ended 31 December 2009

During 2009, the telecom product business continued to be the largest business segment of the Group, which contributed approximately 87.8% of the Group's total turnover. Affected by the Discontinuation and the weak consumer demand, revenues from the telecom product business fell significantly by 47.2% over the last year 2008 to approximately HK$1,451 million in the year 2009. Despite a fall in turnover, the telecom product business, however, narrowed its loss before tax substantially from HK$515 million for 2008 to only HK$19 million for 2009, reflecting success of the Group's strategy and actions to revitalise this business segment.

Revenues derived from the components business dropped by 41.3% to $262 million for the year ended 31 December 2009, in line with the reduction in sales of the telecom product business in 2009 to which the component business supplied most of its components. The components business sector reported an operating loss of approximately HK$28 million in 2009, a decrease of 74.3% as compared to the operating loss of approximately HK$109 million in previous year 2008, which demonstrates positive effect of the Group's restructure actions.

Amidst weak business environment, performance of the Group's infant and child products business in the year 2009 was however encouraging. During the financial year of 2009, profit before tax contributed by the infant and child product business surged 275.0% to HK$30 million, against a 18.6% increase in turnover to HK$166 million (2008: HK$140 million). The strong financial results were caused by launch of new products which were well received by the market and effective actions taken by the Group to improve efficiency.

The Group's securities business also delivered strong results. This business sector contributed profit before tax of HK$97 million for the year 2009, as compared to a net loss of HK$555 million for last year 2008. The strong turnaround in performance of the securities business was benefited by the rebound of the Hong Kong stock market in 2009.

The property business segment reported a net profit of approximately HK$78 million for the year ended 31 December 2009 (2008: loss of HK$34 million), mainly due to the unrealised fair value gain of HK$89 million arising from revaluation of investment properties net off against the depreciation and mortgage loan interest on the properties held.

Unallocated items mainly represent the head office administrative expenses and share of loss of an associate, which increased by 35.4% to HK$107 million in 2009.

Capital structure and gearing ratio

The Group's gearing ratio, calculated on the basis of the Group's total borrowings over total capital employed (equity plus total borrowings), was approximately 17.1% as at 31 December 2009 (31 December 2008: 17.7%). The slight decrease in gearing ratio was mainly caused by the net repayment of bank and other borrowings during the year ended 31 December 2009. The gearing ratio was maintained at low level which reflected a healthy financial position and the prudent financial policy of the Group. Taking into account the cash on hand, the Group in fact did not have any net borrowings.

Outstanding bank borrowings amounted to HK$426 million at 31 December 2009 (31 December 2008: HK$470 million). Approximately 66.4% of these bank borrowings were arranged on a short-term basis for the ordinary business activities of the Group and were repayable within one year. The remaining 33.6% of the bank borrowings were of long-term nature, principally comprised of mortgage loans on properties held by the Group.

Acquisition of certain of the Group's assets was financed by way of finance leases and the total outstanding finance lease payables for the Group as at 31 December 2009 amounted to approximately HK$2 million (31 December 2008: HK$5 million).

As at 31 December 2009, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and in the sixth to the tenth year amounted to HK$284 million, HK$110 million and HK$34 million, respectively (31 December 2008: HK$351 million, HK$85 million and HK$39 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and financial resources

The Group's current ratio as at 31 December 2009 was 218.5% (31 December 2008: 196.3%). The strong liquid position was attributable to the effective financial management of the Group.

As at 31 December 2009 the Group's cash balance amounted to HK$631 million (31 December 2008 HK$875 million), of which HK$65 million (31 December 2008: HK$89 million) was pledged for general banking facilities. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong.

Capital commitments

As at 31 December 2009, capital commitment of the Group amounted to approximately HK$46 million (31 December 2008: HK$208 million). The capital commitment would be funded partly by internal resources and partly by bank borrowings.

Treasury management

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the financial year 2009, the Group's receipts were mainly denominated in US dollar, with some in Hong Kong dollar and the Euro. Payments were mainly made in Hong Kong dollar, US dollar and Renminbi and some made in Euro. Cash was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollar and US dollar. As at 31 December 2009, the Group's borrowings were mainly denominated in Hong Kong dollar and US dollar. As at 31 December 2009, the Group's borrowings were principally made on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group did not have any significant interest rate risk in 2009, as the interest rates was remained at low levels. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar in terms of receipts and the Renminbi in terms of the production costs (including workers' wages and overhead) in the PRC. For US dollar exposure, since the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation is not expected to be significant. In addition, as large portion of the Group's purchases are also made in US dollars, which are to be paid out of the Group's sales receipts in US dollars, the management considers that the foreign exchange exposure risk for the US dollar is not material.

For Renminbi exposure, as wages and overheads in the Group's factories in the PRC are paid in Renminbi, the Group's production costs will rise due to the possible further appreciation of Renminbi. Despite call from the US for faster appreciation of Renminbi against the US dollar, the Group believes that the PRC government will only allow Renminbi to appreciate against the US dollar modestly in 2010 and in the future years in order not to cause too much damage to the Chinese economy.

Acquisition and disposal of material subsidiaries and associates

The Group did not acquire or dispose of any material subsidiaries and associates during the 2009.

Significant investment

The Group did not hold any significant investment as at 31 December 2009 (31 December 2008: Nil).

Pledge of assets

As at 31 December 2009, certain of the Group's assets with a net book value of HK$775 million (31 December 2008: HK$714 million) and time deposits of HK$65 million (31 December 2008: HK$89 million) were pledged to secure the general banking facilities granted to the Group.

Contingent liabilities

As at 31 December 2009, the Group did not have any significant contingent liabilities.

Employees and remuneration policy

The total number of employees of the Group as at 31 December 2009 was 8,212 (31 December 2008: 10,943). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2009, there were no outstanding share options issued by the Company.

(d) Management discussion and analysis for the half year ended 30 June 2010

During the first half of 2010, the telecom product business continued to be the largest business segment of the Group. It contributed approximately 85.2% of the Group's total turnover, due to the success of modified marketing strategies which resulted in significant growth in ODM business in Europe. The business segment's operating results improved significantly during the first half of 2010 and turned from an operating loss before tax of HK$19 million for the first half of 2009 to an operating profit before tax of HK$2 million for first half of 2010. The improvement in results is caused mainly by the success of the Group's initiatives and measures to restructure and streamline operations to reduce operating costs and improve efficiency.

Revenues derived from the components business increased 14.8% to HK$124 million for six months ended 30 June 2010, in line with the increase in sales of the telecom product business to which the component business supplied most of its components. The components business sector reported an operating loss of approximately HK$13 million in first half of 2010, a decrease of 35.0% as compared to the operating loss of approximately HK$20 million in first half of 2009, which demonstrated again positive effect of the Group's restructure actions.

Amidst weak business environment, performance of the Group's infant and child products business in the first half of 2010 was however encouraging. Turnover of the segment jumped 75.8% to HK$109 million for the first half of 2010 due to additional orders from customers. Profit before tax contributed by the infant and child product business was HK$8 million, a slight decrease of HK$1 million from the first half of 2009, due to additional costs and overhead caused by removal of its factory.

The Group's securities business recorded operating loss of HK$9 million for six months ended 30 June 2010 mainly attributable to unrealised mark-to-market loss of HK$10 million in the first half of 2010, as compared to a net profit of HK$89 million from the first half of 2009. The change in result reflects poor performance of the stock market in Hong Kong in the first half of 2010 as compared to the strong recovery of the market in the first half of 2009.

The property business segment delivered a net profit of approximately HK$82 million for the period ended 30 June 2010 (period ended 30 June 2009: loss of HK$4 million), mainly due to the unrealised fair value gain of HK$95 million arising from revaluation of the Group's residential property portfolio in Hong Kong, net off against the depreciation and mortgage loan interest on the properties held.

Unallocated items mainly represented the head office administrative expenses and share of loss of an associate, which decreased by 7.1% to $26 million in the first half of 2010.

Capital structure and gearing ratio

The Group's gearing ratio, calculated on the basis of the Group's total borrowings over total capital employed (equity plus total borrowings), was approximately 22.5% as at 30 June 2010 (31 December 2009: 17.1%). The slight increase in gearing ratio was mainly caused by the net increase of bank borrowings during the six months ended 30 June 2010. Taking into account the cash on hand, the Group in fact did not have any net borrowings.

Outstanding bank borrowings amounted to HK$601 million at 30 June 2010 (31 December 2009: HK$426 million). Approximately 57.6% of these bank borrowings were arranged on a short-term basis for the ordinary business activities of the Group and were repayable within one year. The remaining 42.4% of the bank borrowings were of long-term nature, principally comprised of mortgage loans on properties held by the Group.

Acquisition of certain of the Group's assets was financed by way of finance leases and the total outstanding finance lease payables for the Group as at 30 June 2010 amounted to approximately HK$1 million (31 December 2009: HK$2 million).

As at 30 June 2010, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and in the sixth to the tenth year amounted to HK$347 million, HK$227 million and HK$28 million, respectively (31 December 2009: HK$284 million, HK$110 million and HK$34 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and financial resources

The Group's current ratio as at 30 June 2010 was 215.1% (31 December 2009: 218.5%). The strong liquid position was attributable to the effective financial management of the Group.

As at 30 June 2010 the Group's cash balance amounted to HK$755 million (31 December 2009: HK$631 million), of which HK$85 million (31 December 2009: HK$65 million) was pledged for general banking facilities. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. In view of the Group's current cash position and the unutilised banking facilities available, the Group maintained in a sound financial position and had sufficient resources to finance its operations and its future expansion plan.

Capital commitments

As at 30 June 2010, capital commitment of the Group amounted to approximately HK$62 million (31 December 2009: HK$46 million) mainly on construction cost of a property development project. The capital commitment would be funded partly by internal resources and partly by bank borrowings.

Treasury management

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the first half of 2010, the Group's receipts were mainly denominated in US dollar, with some in Hong Kong dollar and the Euro. Payments were mainly made in Hong Kong dollar, US dollar and Renminbi and some made in Euro. Cash was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollar and US dollar. As at 30 June 2010, the Group's borrowings were mainly denominated in Hong Kong dollar and US dollar. As at 30 June 2010, the Group's borrowings were principally made on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group did not have any significant interest rate risk, as the interest rates remained at extremely low level. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar in terms of receipts and the Renminbi in terms of the production costs (including workers' wages and overhead) in the PRC. For US dollar exposure, since the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation is not expected to be significant. In addition, as large portion of the Group's purchases are also made in US dollar, which are to be paid out of the Group's sales receipts in US dollars, the management considers that the foreign exchange exposure risk for the US dollar is not material.

For Renminbi exposure, as wages and overhead in the Group's factories in the PRC are paid in Renminbi, the Group's production costs will rise due to the possible further appreciation of Renminbi. Despite call from the US for faster appreciation of Renminbi against the US dollar, the Group believes that the PRC government will only allow Renminbi to appreciate against the US dollar modestly in 2010 and in the future years in order not to cause too much damage to the Chinese economy.

Acquisition and disposal of material subsidiaries and associates

The Group did not acquire or dispose of any material subsidiaries and associates during the first half year of 2010.

Significant investment

The Group did not hold any significant investment as at 30 June 2010 (31 December 2009: Nil).

Pledge of assets

As at 30 June 2010, certain of the Group's assets with a net book value of HK$860 million (31 December 2009: HK$775 million) and time deposits of approximately HK$85 million (31 December 2009: HK$65 million) were pledged to secure the general banking facilities granted to the Group.

Contingent liabilities

As at 30 June 2010, the Group did not have any significant contingent liabilities.

Employees and remuneration policy

The total number of employees of the Group as at 30 June 2010 was 9,397 (31 December 2009: 8,212). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 30 June 2010, there were no outstanding share options issued by the Company.

3. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

(a) Management discussion and analysis of the Target Group for the year ended 31 December 2007

During 2007, the principal activity of InnoMed was investment holding and that of Shanghai Ying Sheng was scientific and medical research and development. Each member of the Target Group has not conducted any commercial business activities during 2007. The Target Group did not have revenue and its expenses were not material. The assets and liabilities of the Target Group were not material.

Revenue

Each member of the Target Group has not commenced commercial business activities during 2007. Therefore, the Target Group did not have any revenue in 2007.

Operating expenses

The Target Group incurred HK$603,000 expenses representing administrative expenses during 2007. The Target Group did not have any cost of sales and selling expenses in 2007.

Capital structure and gearing ratio

There were no other changes in capital structure of the Target Group as at 31 December 2007. Other than the amount due to a Shareholder, the Target Group did not have any borrowings as at 31 December 2007.

Liquidity and financial resources

As at 31 December 2007, the Target Group's net current liabilities were HK$1,758,000. The Target Group had cash and bank balance of HK$965,000 as at 31 December 2007.

Capital commitments

The Target Group did not have significant capital commitment as at 31 December 2007.

Treasury management

During 2007, each member of the Target Group has not conducted any business activities and the Target Group did not have significant foreign receipts or payments. The Target Group did not have significant foreign exchange exposure. In 2007, the Target Group did not have any interest bearing borrowings and therefore there was no interest rates exposure to the Target Group.

Acquisition and disposal of material subsidiaries and associates

The Target Group did not acquire or dispose of any material subsidiaries and associates during 2007.

Significant investment

The Target Group did not held any significant investment as at 31 December 2007.

Pledge of assets

As at 31 December 2007, the Target Group did not have any assets pledged for any banking facilities.

Contingent liabilities

As at 31 December 2007, the Target Group did not have any contingent liabilities.

(b) Management discussion and analysis of the Target Group for the year ended 31 December 2008

During 2008, the principal activity of InnoMed was investment holding and that of Shanghai Ying Sheng and Shanghai Ying Zhong was scientific and medical research and development. Each member of the Target Group has not conducted any commercial business activities during 2008. The Target Group did not have revenue and its expenses were not material. The assets and liabilities of the Target Group were not material.

Revenue

Each member of the Target Group has not commenced commercial business activities during 2008. Therefore, the Target Group did not have any revenue in 2008.

Operating expenses

The Target Group incurred HK$697,000 (2007: HK$603,000) expenses representing administrative expenses and other expenses during 2008. The Target Group did not have any cost of sales and selling expenses in 2008.

Capital structure and gearing ratio

There were no other changes in capital structure of the Target Group as at 31 December 2008. Other than the amount due to a shareholder, the Target Group did not have any borrowings as at 31 December 2008.

Liquidity and financial resources

As at 31 December 2008, the Target Group's net current liabilities were HK$2,262,000 (31 December 2007: HK$1,758,000). The Target Group had cash and bank balance of HK$876,000 as at 31 December 2008 (31 December 2007: HK$965,000).

Capital commitments

The Target Group did not have significant capital commitment as at 31 December 2008.

Treasury management

During 2008, each member of the Target Group has not conducted any business activities and the Target Group did not have significant foreign receipts or payments. The Target Group did not have significant foreign exchange exposure. In 2008, the Target Group did not have any interest bearing borrowings and therefore there was no interest rates exposure to the Target Group.

Acquisition and disposal of material subsidiaries and associates

The Target Group did not acquire or dispose of any material subsidiaries and associates during 2008.

Significant investment

The Target Group did not hold any significant investment as at 31 December 2008.

Pledge of assets

As at 31 December 2008, the Target Group did not have any assets pledged for any banking facilities.

Contingent liabilities

As at 31 December 2008, the Target Group did not have any contingent liabilities.

(c) Management discussion and analysis of the Target Group for the year ended 31 December 2009

During 2009, the principal activity of InnoMed was investment holding and that of Shanghai Ying Sheng and Shanghai Ying Zhong was scientific and medical research and development. Each member of the Target Group has not conducted any commercial business activities during 2009. The Target Group did not have revenue and its expenses were not material. The assets and liabilities of the Target Group were not material.

Revenue

Each member of the Target Group has not commenced commercial business activities during 2009. Therefore, the Target Group did not have any revenue in 2009.

Operating expenses

The Target Group incurred HK$4,040,000 (2008: HK$697,000) expenses representing administrative expenses and other expenses during 2009. The Target Group did not have any cost of sales and selling expenses in 2009.

Capital structure and gearing ratio

There were no other changes in capital structure of the Target Group as at 31 December 2009. Other than the amount due to a Shareholder, the Target Group did not have any borrowings as at 31 December 2009.

Liquidity and financial resources

As at 31 December 2009, the Target Group's net current liabilities were HK$7,047,000 (31 December 2008: HK$2,260,000). The Target Group had cash and bank balance of HK$4,368,000 as at 31 December 2009 (31 December 2008: HK$876,000).

Capital commitments

The Target Group did not have significant capital commitment as at 31 December 2009.

Treasury management

During 2009, each member of the Target Group has not conducted any business activities and the Target Group did not have significant foreign receipts or payments. The Target Group did not have significant foreign exchange exposure. In 2009, the Target Group did not have any interest bearing borrowings and therefore there was no interest rates exposure to the Target Group.

Acquisition and disposal of material subsidiaries and associates

The Target Group did not acquire or dispose of any material subsidiaries and associates during 2009.

Significant investment

The Target Group did not hold any significant investment as at 31 December 2009.

Pledge of assets

As at 31 December 2009, the Target Group did not have any assets pledged for any banking facilities.

Contingent liabilities

As at 31 December 2009, the Target Group did not have any contingent liabilities.

(d) Management discussion and analysis of the Target Group for the half year ended 30 June 2010

During the first half of 2010, the principal activity of InnoMed was investment holding and that of Shanghai Ying Sheng and Shanghai Ying Zhong was scientific and medical research and development. Each member of the Target Group has not conducted any commercial business activities during the six months ended 30 June 2010. The Target Group did not have revenue and its expenses were not material. The assets and liabilities of the Target Group were not material.

Revenue

Each member of the Target Group has not commenced commercial business activities during the six months ended 30 June 2010. Therefore, the Target Group did not have any revenue in the first half year of 2010.

Operating expenses

The Target Group incurred HK$1,113,000 (2009: HK$4,040,000) expenses representing administrative expenses and other expenses during the first half year of 2010. The Target Group did not have any cost of sales and selling expenses in the first half year of 2010.

Capital structure and gearing ratio

There were no other changes in capital structure of the Target Group as at 30 June 2010. Other than the amount due to a shareholder, the Target Group did not have any borrowings as at 30 June 2010.

Liquidity and financial resources

As at 30 June 2010, the Target Group's net current liabilities were HK$7,625,000 (31 December 2009: HK$7,047,000). The Target Group had cash and bank balance of HK$2,896,000 as at 30 June 2010 (31 December 2009: HK$4,368,000).

Capital commitments

The Target Group did not have significant capital commitment as at 30 June 2010.

Treasury management

During the first half year of 2010, each member of the Target Group has not conducted any material business activities and the Target Group did not have significant foreign receipts or payments. The Target Group did not have significant foreign exchange exposure. In the first half year of 2010, the Target Group did not have any interest bearing borrowings and therefore there was no interest rates exposure to the Target Group.

Acquisition and disposal of material subsidiaries and associates

The Target Group did not acquire or dispose of any material subsidiaries and associates during the first half year of 2010.

Significant investment

The Target Group did not hold any significant investment as at 30 June 2010.

Pledge of assets

As at 30 June 2010, the Target Group did not have any assets pledged for any banking facilities.

Contingent liabilities

As at 30 June 2010, the Target Group did not have any contingent liabilities.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Management discussion and analysis of the Remaining Group for the year ended 31 December 2009

According to the pro forma financial information set out in Appendix IV to this circular, the Remaining Group recorded revenue of approximately HK$433 million and profit attributable to owners of the parent amounting to HK$107 million. The business of the Remaining Group is principally engaged in (i) the manufacture and sale of electronic and plastic component; (ii) the manufacture and sale of infant and child products; (iii) securities business; and (iv) property development and holding.

Revenues derived from the components business dropped by 41.3% to HK$262 million for the year ended 31 December 2009, in line with the reduction in sales of the telecom product business in 2009 to which the component business supplied most of its components. The components business sector reported an operating loss of approximately HK$28 million in 2009, a decrease of 74.3% as compared to the operating loss of approximately HK$109 million in previous year 2008, which demonstrates positive effect of the Group's restructure actions.

Amidst weak business environment, performance of the Group's infant and child products business in the year 2009 was however encouraging. During the financial year of 2009, profit before tax contributed by the infant and child product business surged 275.0% to HK$30 million, against a 18.6% increase in turnover to HK$166 million (2008: HK$140 million). The strong financial results were caused by launch of new products which were well received by the market and effective actions taken by the Group to improve efficiency.

The Group's securities business also delivered strong results. This business sector contributed profit before tax of HK$97 million for the year 2009, as compared to a net loss of HK$555 million for last year 2008. The strong turnaround in performance of the securities business was benefited by the rebound of the Hong Kong stock market in 2009.

The property business segment reported a net profit of approximately HK$78 million for the year ended 31 December 2009 (2008: loss of HK$34 million), mainly due to the unrealised fair value gain of HK$89 million arising from revaluation of investment properties net off against the depreciation and mortgage loan interest on the properties held.

Unallocated items mainly represent the head office administrative expenses and share of loss of an associate, which increased by 35.4% to HK$107 million in 2009.

Capital structure and gearing ratio

The Group's gearing ratio, calculated on the basis of the Group's total borrowings over total capital employed (equity plus total borrowings), was approximately 17.1% as at 31 December 2009 (31 December 2008: 17.7%). The slight decrease in gearing ratio was mainly caused by the net repayment of bank and other borrowings during the year ended 31 December 2009. The gearing ratio was maintained at low level which reflected a healthy

financial position and the prudent financial policy of the Group. Taking into account the cash on hand, the Group in fact did not have any net borrowings.

Outstanding bank borrowings amounted to HK$426 million at 31 December 2009 (31 December 2008: HK$470 million). Approximately 66.4% of these bank borrowings were arranged on a short-term basis for the ordinary business activities of the Group and were repayable within one year. The remaining 33.6% of the bank borrowings were of long-term nature, principally comprised of mortgage loans on properties held by the Group.

Acquisition of certain of the Group's assets was financed by way of finance leases and the total outstanding finance lease payables for the Group as at 31 December 2009 amounted to approximately HK$2 million (31 December 2008: HK$5 million).

As at 31 December 2009, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and in the sixth to the tenth year amounted to HK$284 million, HK$110 million and HK$34 million, respectively (31 December 2008: HK$351 million, HK$85 million and HK$39 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and financial resources

The Group's current ratio as at 31 December 2009 was 218.5% (31 December 2008: 196.3%). The strong liquid position was attributable to the effective financial management of the Group.

As at 31 December 2009 the Group's cash balance amounted to HK$631 million (31 December 2008 HK$875 million), of which HK$65 million (31 December 2008: HK$89 million) was pledged for general banking facilities. Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong.

Capital commitments

As at 31 December 2009, capital commitment of the Group amounted to approximately HK$46 million (31 December 2008: HK$208 million). The capital commitment would be funded partly by internal resources and partly by bank borrowings.

Treasury management

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the financial year 2009, the Group's receipts were mainly denominated in US dollar, with some in Hong Kong dollar and the Euro. Payments were mainly made in Hong Kong dollar, US dollar and Renminbi and some made in Euro. Cash was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollar and US dollar. As at 31 December 2009, the Group's borrowings were mainly denominated in Hong Kong dollar and US dollar. As at 31 December 2009, the Group's borrowings were principally made on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group did not have any significant interest rate risk in 2009, as the interest rates was remained at low levels. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar in terms of receipts and the Renminbi in terms of the production costs (including workers' wages and overhead) in the PRC. For US dollar exposure, since the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation is not expected to be significant. In addition, as large portion of the Group's purchases are also made in US dollars, which are to be paid out of the Group's sales receipts in US dollars, the management considers that the foreign exchange exposure risk for the US dollar is not material.

For Renminbi exposure, as wages and overheads in the Group's factories in the PRC are paid in Renminbi, the Group's production costs will rise due to the possible further appreciation of Renminbi. Despite call from the US for faster appreciation of Renminbi against the US dollar, the Group believes that the PRC government will only allow Renminbi to appreciate against the US dollar modestly in 2010 and in the future years in order not to cause too much damage to the Chinese economy.

Acquisition and disposal of material subsidiaries and associates

The Group did not acquire or dispose of any material subsidiaries and associates during the 2009.

Significant investment

The Group did not hold any significant investment as at 31 December 2009 (31 December 2008: Nil).

Pledge of assets

As at 31 December 2009, certain of the Group's assets with a net book value of HK$775 million (31 December 2008: HK$714 million) and time deposits of HK$65 million (31 December 2008: HK$89 million) were pledged to secure the general banking facilities granted to the Group.

Contingent liabilities

As at 31 December 2009, the Group did not have any significant contingent liabilities.

Employees and remuneration policy

The total number of employees of the Group as at 31 December 2009 was 8,212 (31 December 2008: 10,943). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2009, there were no outstanding share options issued by the Company.

5. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2010 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Enlarged Group had outstanding borrowings of approximately HK$652 million. The borrowings comprised secured bank loans of approximately HK$533 million, unsecured bank loans of approximately HK$117 million and obligations under finance lease contracts of approximately HK$2 million. The Enlarged Group's borrowings were secured by (i) the fixed charges over certain leasehold land and buildings and investment properties held by the Enlarged Group with aggregate net book values of approximately HK$853 million as at 31 October 2010; and (ii) certain fixed deposits of the Enlarged Group of approximately HK$85 million as at 31 October 2010.

As at the close of business on 31 October 2010 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Remaining Group had outstanding borrowings of approximately HK$240 million. The borrowings comprised secured bank loans of approximately HK$239 million and obligations under finance lease contracts of approximately HK$1 million. The Remaining Group's borrowings were secured by (i) the fixed charges over certain leasehold land and buildings and investment properties held by the Remaining Group with aggregate net book values of approximately HK$463 million as at 31 October 2010; and (ii) certain fixed deposits of the Remaining Group of approximately HK$3 million as at 31 October 2010.

Save as aforesaid, and apart from intra-group liabilities, the Enlarged Group and the Remaining Group did not have any bank loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 October 2010.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the rates of the exchange prevailing at the close of business on 31 October 2010.

6. WORKING CAPITAL

The Directors, after due and careful enquiry and consideration, are of the opinion that the Enlarged Group and the Remaining Group will, after taking into account the effect of the Transactions and with regard to the Remaining Group, the Placing and the full conversion of all the 3,466,700,000 Redeemable CPS and the present internal financial resources available to the Enlarged Group and the Remaining Group, respectively, internally generated cash flows and the existing banking and credit facilities available, have sufficient working capital for its present requirements in next 12 months from the date of this circular in the absence of unforeseen material circumstances.

A. ACCOUNTANTS' REPORT OF THE TARGET COMPANY

The following is the text of an accountants' report on MIV Scientific Holdings Ltd., prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, T. O. Yip & Co. Limited, Certified Public Accountants, Hong Kong.

T. O. Yip & Co. Limited
Certified Public Accountants
5/F., Effectual Building,
16 Hennessy Road,
Wanchai,
Hong Kong

30 November 2010

The Directors of CCT Telecom Holdings Limited
and
The Directors of CCT Tech International Limited

Dear Sirs,

We set below our report on the financial information ("**Financial Information**") relating to MIV Scientific Holdings Ltd. (the "**Target Company**") for the three years ended 31 December 2007, 2008 and 2009 as well as the six months period from 1 January 2010 to 30 June 2010 (the "**Relevant Periods**") for inclusion in the circular of CCT Telecom Holdings Limited ("**CCT Telecom**") and CCT Tech International Limited ("**CCT Tech**") dated 30 November 2010 (the "**Circular**") in connection with the proposed conditional acquisition of the entire issued capital in the Target Company and the subscription of the new shares in the Target Company (the "**Transactions**"), pursuant to the conditional sale, purchase and subscription agreement dated 13 October 2010, as amended and supplemented by the supplemental agreement dated 19 October 2010 and the second supplemental agreement dated 22 October 2010 (together as the "**S&P Agreement**"), entered into amongst the Target Company, MIV Therapeutics, Inc (the "**Vendor**") and CCT Tech. Upon completion of the S&P Agreement, CCT Tech will own the then entire issued capital of the Target Company.

The Target Company was incorporated as a limited liability company under the International Business Companies Act of the Territory of British Virgin Islands on 15 September 2010 and was authorised to issue a maximum of 50,000 shares of no par value each and 1 ordinary share was issued on the date of its incorporation. The principal business of the Target Company is investment holding and it has not yet commenced any business activity.

On 6 October 2010, the Vendor transferred its intellectual property (the "**Patents**") which relates to cardiovascular medical devices and coronary stents to the Target Company in exchange of the issue of 79 new ordinary shares by the Target Company to the Vendor. Patent applications have been filed in various countries for these Patents but none of which have been issued or granted yet. The fair market value of the Patents is approximately US$80 million (equivalent to HK$624 million) and has been accounted for in the books of the Target Company in October 2010.

The Target Company entered into the conditional share purchase agreement dated 12 October 2010 and the supplemental agreement dated 19 October 2010 (together as the "**InnoMed Share Purchase Agreement**"), with InnoMed Scientific Limited (the "**InnoMed Owner**") to purchase the entire issued capital of InnoMed Scientific Incorporation Limited ("**InnoMed**"), which in turn owns 100% equity interest in InnoMed Scientific Incorporation (Shanghai) Ltd. ("**Shanghai Ying Zhong**"). On 11 October 2010, InnoMed entered into the equity transfer agreement (the "**Shanghai Ying Sheng Equity Transfer Agreement**") with Mr. Tiefeng Hu ("**Mr. Hu**") to purchase all the equity interest in Shanghai InnoMed Technologies Incorporation Limited ("**Shanghai Ying Sheng**"). Upon completion of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement, the Target Company will beneficially own the then total issued capital of InnoMed, which in turn owns or will own the entire equity interest in Shanghai Ying Zhong and Shanghai Ying Sheng. The Shanghai Ying Sheng Equity Transfer Agreement will be completed before the Completion and the InnoMed Share Purchase Agreement will be completed simultaneously with the Completion.

As the Target Company was incorporated after the Relevant Periods and hence the Financial Information of the Target Company for the Relevant Periods is equal to zero and thus has not been shown on this report.

Yours faithfully,
T.O. Yip & Co. Limited
Certified Public Accountants
Hong Kong

B. ACCOUNTANTS' REPORT OF THE EXISTING INNOMED GROUP

The following is the text of an accountants' report on InnoMed Scientific Incorporation Limited, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, T. O. Yip & Co. Limited, Certified Public Accountants, Hong Kong.

T. O. Yip & Co. Limited
Certified Public Accountants
5/F., Effectual Building,
16 Hennessy Road,
Wanchai,
Hong Kong

30 November 2010

The Directors of CCT Telecom Holdings Limited
and
The Directors of CCT Tech International Limited

Dear Sirs,

We set below our report on the consolidated financial information ("**Financial Information**") relating to InnoMed Scientific Incorporation Limited ("**InnoMed**") and its subsidiary (hereinafter collectively referred to the "**Existing InnoMed Group**") for the three years ended 31 December 2007, 2008 and 2009 as well as the six months period from 1 January 2010 to 30 June 2010 (the "**Relevant Periods**") for inclusion in the circular of CCT Telecom Holdings Limited ("**CCT Telecom**") and CCT Tech International Limited ("**CCT Tech**") dated 30 November 2010 (the "**Circular**") in connection with the proposed conditional acquisition of the entire issued capital in MIV Scientific Holdings Ltd. (the "**Target Company**") and the subscription of the new shares in the Target Company (the "**Transactions**"), pursuant to the conditional sale, purchase and subscription agreement dated 13 October 2010, as amended and supplemented by the supplemental agreement dated 19 October 2010 and the second supplemental agreement dated 22 October 2010 (together as the "**S&P Agreement**"), entered into amongst the Target Company, MIV Therapeutics, Inc and CCT Tech. Upon completion of the S&P Agreement, CCT Tech will own the then entire issued capital of the Target Company.

InnoMed was incorporated in Hong Kong on 10 March 2005, the entire issued share capital in which is owned by InnoMed Scientific Limited (the "**InnoMed Owner**") as at the date of this accountants' report. As at the date of this accountants' report, the Existing InnoMed Group has conducted scientific and medical research and development activities but has not commenced any commercial operations or generated any revenue. The Existing InnoMed Group will be engaged a medical devices business, which will involve sale of cardiovascular medical devices.

The Target Company entered into the conditional share purchase agreement dated 12 October 2010 and the supplemental agreement 19 October 2010 (together as the "**InnoMed Share Purchase Agreement**"), with the InnoMed Owner to purchase the entire issued capital of InnoMed, which in turn owns 100% equity interest in InnoMed Scientific Incorporation (Shanghai) Ltd. ("**Shanghai Ying Zhong**"). On 11 October 2010, InnoMed entered into the equity transfer agreement (the "**Shanghai Ying**

Sheng Equity Transfer Agreement") with Mr. Tiefeng Hu ("**Mr. Hu**") to purchase all the equity interest in Shanghai InnoMed Technologies Incorporation Limited ("**Shanghai Ying Sheng**"). Upon completion of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement, the Target Company will beneficially own the then total issued capital of InnoMed, which in turn owns or will own the entire equity interest in Shanghai Ying Zhong and Shanghai Ying Sheng. The Shanghai Ying Sheng Equity Transfer Agreement will be completed before the Completion and the InnoMed Share Purchase Agreement will be completed simultaneously with the Completion.

InnoMed has the following subsidiary:

Name	Place of incorporation/ registration and operation	Date of incorporation	Registered capital	Principal activities
Shanghai Ying Zhong[#*]	PRC	27 November 2008	Registered Capital of US$4,000,000	Scientific and medical research and development

\# Directly held by the InnoMed

* The financial statements of Shanghai Ying Zhong for the period ended 31 December 2009 was audited by Shanghai Jing Long Certified Public Accountants Co., Ltd. (上海經隆會計師事務所有限公司), Certified Public Accountants registered in PRC.

For the purpose of this report, we have undertaken an independent audit of the financial statements of the respective companies in the Existing InnoMed Group for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

For the purposes of this report, the directors of InnoMed have prepared consolidated financial statements of the Existing InnoMed Group and financial statements of InnoMed (the "**Underlying Financial Statements**") for the Relevant Periods in accordance with the Hong Kong Financial Reporting Standards issued by HKICPA. We have examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "**Prospectuses and the Reporting Accountant**" promulgated by HKICPA.

The Underlying Financial Statements are the responsibility of the directors of InnoMed who approved their issue. It is also the responsibility of the directors of InnoMed to compile the Financial Information set out in this report from the Underlying Financial Statements. The directors of InnoMed are responsible for the contents of the Financial Information, based on our examination, and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of the affairs of InnoMed and of the Existing InnoMed Group as at 31 December 2007, 2008 and 2009 as well as 30 June 2010 and the Existing InnoMed Group's results and cash flows for the Relevant Periods.

The comparative consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Existing InnoMed Group for the six months ended 30 June 2009 together with the notes thereon which was prepared by the directors of InnoMed solely for the purpose of this report. We have reviewed the 30 June 2009 financial information in accordance with Hong Kong Standard on Review Engagements 2400 "**Engagements to Review Financial Statements**" issued by the HKICPA. Our review of the 30 June 2009 financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and apply analytical and other review procedures. A Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 30 June 2009 financial information. Based on our review, nothing has come to our attention that causes us to believe that the 30 June 2009 financial information is not prepared, in all materials respects, in accordance with the accounting policies consistent with those used in the preparation of the financial information which conform with Hong Kong Financial Reporting Standards.

I. FINANCIAL INFORMATION

Consolidated Income Statements

	Notes	Year ended 31/12/2007 HK$'000	Year ended 31/12/2008 HK$'000	Year ended 31/12/2009 HK$'000	6 months ended 30/6/2009 HK$'000 (Unaudited)	6 months ended 30/6/2010 HK$'000
REVENUE		–	–	–	–	–
Other income and gains		53	1	3	1	2
Administrative expenses		(7)	(1)	(166)	(43)	(90)
Other expenses		–	–	(76)	(70)	(2)
PROFIT/(LOSS) BEFORE TAX	*4*	46	–	(239)	(112)	(90)
Income tax expense	*6*	–	–	–	–	–
PROFIT/(LOSS) FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		46	–	(239)	(112)	(90)

Consolidated Statements of Comprehensive Income

	Year ended 31/12/2007	Year ended 31/12/2008	Year ended 31/12/2009	6 months ended 30/6/2009	6 months ended 30/6/2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
PROFIT/(LOSS) FOR THE YEAR/PERIOD	46	–	(239)	(112)	(90)
Other comprehensive (loss)/income, net of tax					
Exchange differences on translation of foreign operations	–	–	(1)	–	26
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	46	–	(240)	(112)	(64)

Consolidated Statements of Financial Position

	Notes	31/12/2007 HK$'000	31/12/2008 HK$'000	31/12/2009 HK$'000	30/6/2010 HK$'000
ASSETS					
CURRENT ASSETS					
Other receivables	*8*	869	869	5,131	5,724
Cash and cash equivalents	*9*	803	839	3,870	2,523
Total current assets		1,672	1,708	9,001	8,247
TOTAL ASSETS		1,672	1,708	9,001	8,247
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Issued capital	*12*	–	–	–	–
Reserves	*13(a)*	46	46	(194)	(258)
Total equity		46	46	(194)	(258)
CURRENT LIABILITIES					
Other payables	*10*	–	–	563	558
Amount due to a shareholder	*11*	1,626	1,662	8,632	7,947
Total current liabilities		1,626	1,662	9,195	8,505
TOTAL LIABILITIES		1,626	1,662	9,195	8,505
TOTAL EQUITY AND LIABILITIES		1,672	1,708	9,001	8,247
NET CURRENT ASSETS/(LIABILITIES)		46	46	(194)	(258)
TOTAL ASSETS LESS CURRENT LIABILITIES		46	46	(194)	(258)

Consolidated Statements of Cash Flows

	Year ended 31/12/2007 *HK$'000*	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2009 *HK$'000*	6 months ended 30/6/2009 *HK$'000* *(Unaudited)*	6 months ended 30/6/2010 *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	46	–	(239)	(112)	(90)
Adjustment for:					
Interest income	(53)	(1)	(3)	(1)	(2)
	(7)	(1)	(242)	(113)	(92)
Increase in other receivables	(869)	–	(4,262)	(1,293)	(593)
Increase/(decrease) in other payables	–	–	563	554	(5)
Increase/(decrease) in amount due to a shareholder	1,626	36	6,970	5,915	(685)
Cash generated from/(used in) operations	750	35	3,029	5,063	(1,375)
Interest received	53	1	3	1	2
Net cash flows from/(used in) operating activities	803	36	3,032	5,064	(1,373)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	803	36	3,032	5,064	(1,373)
Cash and cash equivalents at beginning of year/period	–	803	839	839	3,870
Effect of foreign exchange rate changes	–	–	(1)	–	26
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	803	839	3,870	5,903	2,523
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	803	839	3,870	5,903	2,523
Non-pledged time deposits with original maturity of less than three months when acquired	–	–	–	–	–
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND THE CONSOLIDATED STATEMENTS OF CASH FLOWS	803	839	3,870	5,903	2,523

Consolidated Statements of Changes in Equity

For the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010.

	Attributable to owners of the parent			
	Issued capital *HK$'000*	**Exchange fluctuation reserve** *HK$'000*	**Retained profits/ (accumulated) losses** *HK$'000*	**Total** *HK$'000*
Balance as at 1 January 2007	–	–	–	–
Comprehensive income for the year	–	–	46	46
Balance as at 31 December 2007 and 1 January 2008	–	–	46	46
Comprehensive income for the year	–	–	–	–
Balance as at 31 December 2008 and 1 January 2009	–	–	46	46
Comprehensive loss for the year	–	(1)	(239)	(240)
Balance as at 31 December 2009 and 1 January 2010	–	(1)	(193)	(194)
Comprehensive income/(loss) for the period	–	26	(90)	(64)
Balance as at 30 June 2010	–	25	(283)	(258)
Balance as at 1 January 2009	–	–	46	46
Comprehensive loss for the period	–	–	(112)	(112)
Balance as at 30 June 2009 (Unaudited)	–	–	(66)	(66)

INNOMED SCIENTIFIC INCORPORATION LIMITED

Statements of Financial Position

	Notes	31/12/2007 HK$000	31/12/2008 HK$000	31/12/2009 HK$000	30/6/2010 HK$000
ASSETS					
NON-CURRENT ASSETS					
Interests in a subsidiary	*7*	–	–	6,278	6,278
Total non-current assets		–	–	6,278	6,278
CURRENT ASSETS					
Other receivables	*8*	869	869	869	869
Cash and cash equivalents	*9*	803	839	1,556	865
Total current assets		1,672	1,708	2,425	1,734
TOTAL ASSETS		1,672	1,708	8,703	8,012
EQUITY AND LIABILITIES					
Issued capital	*12*	–	–	–	–
Reserves	*13(b)*	46	46	46	40
Total equity		46	46	46	40
CURRENT LIABILITIES					
Amount due to a shareholder	*11*	1,626	1,662	8,657	7,972
Total current liabilities		1,626	1,662	8,657	7,972
TOTAL LIABILITIES		1,626	1,662	8,657	7,972
TOTAL EQUITY AND LIABILITIES		1,672	1,708	8,703	8,012
NET CURRENT ASSETS/(LIABILITIES)		46	46	(6,232)	(6,238)
TOTAL ASSETS LESS CURRENT LIABILITIES		46	46	46	40

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

InnoMed was incorporated in the Hong Kong with limited liability on 10 March 2005. Its principal activity is investment holding.

During the Relevant Periods, InnoMed and its subsidiary (collectively referred to as the "**Existing InnoMed Group**") have commenced scientific and medical research and development and will be engaged in medical devices business.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

For the purposes of preparing and presenting the Financial Information for the Relevant Periods, the Existing InnoMed Group has consistently applied all of the new and revised HKASs, HKFRSs, amendments and the related interpretations ("**HK (IFRIC") – Int**") (hereinafter collectively referred to as the "**new HKFRSs**") which are effective for the Relevant Periods.

Basis of consolidation

The Financial Information incorporates the financial statements of InnoMed and its subsidiary. Control is achieved where InnoMed has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiary during the Relevant Periods has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by other members of the Existing InnoMed Group. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Existing InnoMed Group are eliminated on consolidation in full.

Non-controlling interests in a subsidiary represents the interests of outside shareholders not held by the Existing InnoMed Group in the results and net assets of InnoMed's subsidiary.

2.2 APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

At the date of authorisation of the Financial Information, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Existing InnoMed Group.

The directors of InnoMed anticipate that all of the pronouncement will be adopted in the Existing InnoMed Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have an impact on the Existing InnoMed Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact on the Existing InnoMed Group's Financial Information and the 30 June 2009 financial information.

(a) HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost on fair value

based on the entity's business model for managing the financial assets and the contractual cash flows characteristics for the financial assets. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors of InnoMed are currently assessing the possible impact of the new standard on the Existing InnoMed Group's results and financial position in the first year of application.

(b) Annual improvements 2010

The HKICPA has issued "**Improvements to Hong Kong Financial Reporting Standards 2010**". Most of the amendments become effective for annual periods beginning on or after 1 January 2011. The directors of InnoMed are currently assessing the possible impacts of the amendments on the Existing InnoMed Group's results and financial position in the first year of application.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary

A subsidiary is an entity whose financial and operating policies InnoMed controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiary are included in InnoMed's income statement to the extent of dividends received and receivable. InnoMed's interests in a subsidiary are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiary represents the excess of the cost of the business combination over the Existing InnoMed Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Existing InnoMed Group performs its annual impairment test of goodwill as at 31 December.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Existing InnoMed Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Existing InnoMed Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Existing InnoMed Group's financial assets include cash and bank balances and other receivables.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

Impairment of financial assets

The Existing InnoMed Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "**loss event**") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Existing InnoMed Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Existing InnoMed Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding

future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increase or decrease because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

– the rights to receive cash flows from the asset have expired; or

– the Existing InnoMed Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "**pass-through**" arrangement; and either (a) the Existing InnoMed Group has transferred substantially all the risks and rewards of the asset, or (b) the Existing InnoMed Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Existing InnoMed Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Existing InnoMed Group's continuing involvement in the asset. In that case, the Existing InnoMed Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Existing InnoMed Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Existing InnoMed Group could be required to repay.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Existing InnoMed Group's financial liabilities include other payables and amount due to a shareholder.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Existing InnoMed Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiary, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

– where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is InnoMed's functional and presentation currency. Each entity in the Existing InnoMed Group determines its own functional currency and items included in

the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Existing InnoMed Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiary are currencies other than the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of InnoMed at the exchange rates ruling the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiary which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Existing InnoMed Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Existing InnoMed Group and when the revenue can be measured reliably. Interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Related parties

A party is considered to be related to the Existing InnoMed Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Existing InnoMed Group; (ii) has an interest in the Existing InnoMed Group that gives it significant influence over the Existing InnoMed Group; or (iii) has joint control over the Existing InnoMed Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Existing InnoMed Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Existing InnoMed Group, or of any entity that is a related party of the Existing InnoMed Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Existing InnoMed Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

Management has made some judgements in the process of applying the Existing InnoMed Group's accounting policies, and apart from those involving estimations, no significant effect on the amounts recognised in the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. PROFIT/(LOSS) BEFORE TAX

Loss before tax is arrived at after charging:

	Year ended 31/12/2007 *HK$'000*	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2009 *HK$'000*	6 months ended 30/6/2009 *HK$'000 (Unaudited)*	6 months ended 30/6/2010 *HK$'000*
Employees benefits expenses (excluding directors' remuneration – note 5)	–	–	166	–	85

5. DIRECTORS' REMUNERATION

Details of the remuneration paid by the Existing InnoMed Group to the directors during the Relevant Periods is as follows:-

	Year ended 31/12/2007 *HK$'000*	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2009 *HK$'000*	6 months ended 30/6/2009 *HK$'000 (Unaudited)*	6 months ended 30/6/2010 *HK$'000*
Fees	–	–	–	–	–
Other emoluments	–	–	–	–	–
	–	–	–	–	–

The number of the directors whose remuneration fell within the following bands is as follows:

	Year ended 31/12/2007	Year ended 31/12/2008	Year ended 31/12/2009	6 months ended 30/6/2009 *(Unaudited)*	6 months ended 30/6/2010
Nil – HK$1,000,000	1	1	1	1	1

There was no arrangements under which a director waived or agreed to waive any remuneration during the Relevant Periods.

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as InnoMed did not generate any assessable profit during the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Existing InnoMed Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred taxation has been made as there are no temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computation.

7. INTERESTS IN A SUBSIDIARY

	InnoMed			
	31/12/2007	**31/12/2008**	**31/12/2009**	**30/6/2010**
	HK$000	*HK$000*	*HK$000*	*HK$000*
Unlisted shares, at cost	–	–	6,278	6,278

In the opinion of the directors of InnoMed, the recoverable amount of the interests in a subsidiary is not less than the carrying amount reflected in the statement of financial position and no provision for impairment is required.

8. OTHER RECEIVABLES

The balances included the amount due from Mr. Hu for investment in Shanghai Ying Sheng of approximately HK$883,000 and amount due from Shanghai Ying Sheng of approximately HK$4,841,000 as at 30 June 2010.

9. CASH AND CASH EQUIVALENTS

	31/12/2007	**31/12/2008**	**31/12/2009**	**30/6/2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	803	839	3,870	2,523

At the end of each reporting period, the cash and bank balances of the Existing InnoMed Group denominated in Renminbi ("**RMB**") are as follows:

	31/12/2007	**31/12/2008**	**31/12/2009**	**30/6/2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	–	–	2,313	1,658

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Existing InnoMed Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

10. OTHER PAYABLES

The balance included the amount due to Shanghai Ying Sheng of approximately HK$535,000 as at 30 June 2010 and other payables are non-interest-bearing.

11. AMOUNT DUE TO A SHAREHOLDER

The amount is due to the InnoMed Owner and is unsecured, interest-free and has no fixed repayment terms. The amount will be assigned by the InnoMed Owner to the Target Company, upon completion of the InnoMed Share Purchase Agreement.

12. SHARE CAPITAL

	InnoMed			
	31/12/2007	**31/12/2008**	**31/12/2009**	**30/6/2010**
	HK$	*HK$*	*HK$*	*HK$*
Authorised:				
10,000 shares at HK$ 1 each	10,000	10,000	10,000	10,000
Issued and fully paid:				
2 shares at HK$ 1 each	2	2	2	2

The InnoMed was incorporated with an authorised share capital of HK$10,000 divided into 10,000 ordinary shares of HK$1 each.

13. RESERVES

(a) The Existing InnoMed Group

The amount of the reserves and the movements therein for the Relevant Periods of the Existing InnoMed Group are presented in the consolidated statements of changes in equity.

(b) InnoMed

	Retained profits/ (accumulated loss)	**Total**
	HK$000	*HK$000*
Balance as at 1 January 2007	–	–
Comprehensive income for the year	46	46
Balance as at 31 December 2007 and 1 January 2008	46	46
Comprehensive income for the year	–	–
Balance as at 31 December 2008 and 1 January 2009	46	46
Comprehensive income for the year	–	–
Balance as at 31 December 2009 and 1 January 2010	46	46
Comprehensive loss for the period	(6)	(6)
Balance as at 30 June 2010	40	40
Balance as at 1 January 2009	46	46
Comprehensive income for the period	–	–
Balance as at 30 June 2009 (Unaudited)	46	46

14. CONTINGENT LIABILITIES

The Existing InnoMed Group and InnoMed had no significant contingent liabilities at the end of each reporting period.

15. COMMITMENTS

The Existing InnoMed Group and InnoMed had no significant commitment at the end of each reporting period.

16. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Existing InnoMed Group and InnoMed as at 31 December 2007, 2008 and 2009 as well as 30 June 2010, are loans and receivables, and financial liabilities at amortised cost, respectively.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Existing InnoMed Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Existing InnoMed Group's operations. The Existing InnoMed Group has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The main risks arising from the Existing InnoMed Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Existing InnoMed Group has transactional currency exposures. Such exposures arise from sales or purchases by or expenditure of operating units in currencies other than the units' functional currency. During the Relevant Periods, the Existing InnoMed Group did not use any financial instruments for hedging purposes.

The following table demonstrates the sensitivity at the end of the reporting date to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Existing InnoMed Group's profit/(loss) before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in profit/(loss) before tax			
	31/12/2007	**31/12/2008**	**31/12/2009**	**30/6/2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
If HK$ strengthens against RMB by 0.96%	–	–	63	62
If HK$ weakness against RMB by 0.96%	–	–	(63)	(62)

Credit risk

The credit risk of the Existing InnoMed Group's financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

There is no significant concentration of credit risk in relation to the Existing InnoMed Group's financial assets, other than trade receivables.

Liquidity risk

The credit risk of the Existing InnoMed Group's financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Existing InnoMed Group's objective is to maintain a balance between continuity of funding and flexibility through the use of shareholder's loan. All the Existing InnoMed Group's financial liabilities are payable within 1 year or on demand.

Capital management

The Existing InnoMed Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Existing InnoMed Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Existing InnoMed Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods. The gearing ratio is zero.

18. EVENTS AFTER THE RELEVANT PERIODS

On 11 October 2010, InnoMed entered into the Shanghai Ying Sheng Equity Transfer Agreement with Mr. Hu to purchase all the equity interest in Shanghai Ying Sheng.

On 12 October 2010, the Target Company entered into the InnoMed Share Purchase Agreement with the InnoMed Owner to purchase the entire issued capital of InnoMed.

Upon completion of the InnoMed Share Purchase Agreement and Shanghai Ying Sheng Equity Transfer Agreement, the Target Company will beneficially own the then total issued capital of InnoMed, which in turn owns or will own the entire equity interest in Shanghai Ying Zhong and Shanghai Ying Sheng.

Yours faithfully,
T.O. Yip & Co. Limited
Certified Public Accountants
Hong Kong

C. ACCOUNTANTS' REPORT OF SHANGHAI YING SHENG

The following is the text of an accountants' report on the Shanghai InnoMed Technologies Incorporation Limited, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, T. O. Yip & Co. Limited, Certified Public Accountants, Hong Kong.

T. O. Yip & Co. Limited
Certified Public Accountants
5/F., Effectual Building,
16 Hennessy Road,
Wanchai,
Hong Kong

30 November 2010

The Directors of CCT Telecom Holdings Limited
and
The Directors of CCT Tech International Limited

Dear Sirs,

We set below our report on the financial information ("**Financial Information**") relating to Shanghai InnoMed Technologies Incorporation Limited ("**Shanghai Ying Sheng**") for the three years ended 31 December 2007, 2008 and 2009 as well as the six months period from 1 January 2010 to 30 June 2010 (the "**Relevant Periods**") for inclusion in the circular of CCT Telecom Holdings Limited ("**CCT Telecom**") and CCT Tech International Limited ("**CCT Tech**") dated 30 November 2010 (the "**Circular**") in connection with the proposed conditional acquisition of the entire issued capital in MIV Scientific Holdings Ltd. (the "**Target Company**") and the subscription of the new shares in the Target Company (the "**Transactions**"), pursuant to the conditional sale, purchase and subscription agreement dated 13 October 2010, as amended and supplemented by the supplemental agreement dated 19 October 2010 and the second supplemental agreement dated 22 October 2010 (together as the "**S&P Agreement**"), entered into amongst the Target Company, MIV Therapeutics, Inc and CCT Tech. Upon completion of the S&P Agreement, CCT Tech will own the then entire issued capital of the Target Company.

Shanghai Ying Sheng was established in the PRC on 26 December 2005, the entire equity interest in which is owned by Mr. Tiefeng Hu ("**Mr. Hu**") as at the date of this report accountants' report. As at the date of this accountants' report, Shanghai Ying Sheng has conducted scientific and medical research and development activities but has not commenced any commercial operations or generated any revenue. Shanghai Ying Sheng will be engaged a medical devices business, which will involve production of cardiovascular medical devices.

The Target Company entered into the conditional share purchase agreement dated 12 October 2010 and the supplemental agreement 19 October 2010 (together as the "**InnoMed Share Purchase Agreement**"), with InnoMed Scientific Limited ("**InnoMed Owner**") to purchase the entire issued capital of InnoMed Scientific Incorporation Limited ("**InnoMed**"), which in turn owns 100% equity interest in InnoMed Scientific Incorporation (Shanghai) Ltd. ("**Shanghai Ying Zhong**"). On 11 October

2010, InnoMed entered into the equity transfer agreement (the "**Shanghai Ying Sheng Equity Transfer Agreement**") with Mr. Hu to purchase all the equity interest in Shanghai Ying Sheng. Upon completion of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement, the Target Company will beneficially own the then total issued capital of InnoMed, which in turn owns or will own the entire equity interest in Shanghai Ying Zhong and Shanghai Ying Sheng. The Shanghai Ying Sheng Equity Transfer Agreement will be completed before the Completion and the InnoMed Share Purchase Agreement will be completed simultaneously with the Completion.

The financial statements of Shanghai Ying Sheng for the years ended 31 December 2007, 2008 and 2009 were audited by Shanghai Hddy Certified Public Accountants Co., Ltd. (上海宏大東業會計師事務所有限公司) and Shanghai Pujiang Certified Public Accountants (上海浦江會計師事務所), Shanghai Jing Long Certified Public Accountants Co., Ltd. (上海經隆會計師事務所有限公司), respectively, Certified Public Accountants registered in PRC.

For the purpose of this report, we have undertaken an independent audit of the financial statements of Shanghai Ying Sheng for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

For the purposes of this report, the directors of Shanghai Ying Sheng have prepared financial statements of Shanghai Ying Sheng (the "**Underlying Financial Statements**") for the Relevant Periods in accordance with the Hong Kong Financial Reporting Standards issued by HKICPA. We have examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "**Prospectuses and the Reporting Accountant**" promulgated by HKICPA.

The Underlying Financial Statements are the responsibility of the directors of Shanghai Ying Sheng who approved their issue. It is also the responsibility of the directors of Shanghai Ying Sheng to compile the Financial Information set out in this report from the Underlying Financial Statements. The directors of Shanghai Ying Sheng are responsible for the contents of the Financial Information, based on our examination, and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of the affairs of the Shanghai Ying Sheng as at 31 December, 2007, 2008 and 2009 as well as 30 June 2010 and Shanghai Ying Sheng's results and cash flows for the Relevant Periods.

The comparative income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of Shanghai Ying Sheng for the six months ended 30 June 2009 together with the notes thereon which was prepared by the directors of Shanghai Ying Sheng solely for the purpose of this report. We have reviewed the 30 June 2009 Financial information in accordance with Hong Kong Standard on Review Engagements 2400 "**Engagements to Review Financial Statements**" issued by the HKICPA. Our review of the 30 June 2009 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and apply analytical and other review procedures. A Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 30 June 2009 Financial information. Based on our review, nothing has come to our attention that causes us to believe that the 30 June 2009 financial information is not prepared, in all materials respects, in accordance with the accounting policies consistent with those used in the preparation of the financial information which conform with Hong Kong Financial Reporting Standards.

I. FINANCIAL INFORMATION

Income Statements

	Notes	Year ended 31/12/2007 HK$'000	Year ended 31/12/2008 HK$'000	Year ended 31/12/2009 HK$'000	6 months ended 30/6/2009 HK$'000 (Unaudited)	6 months ended 30/6/2010 HK$'000
REVENUE	4	–	–	–	–	–
Other income and gains	4	113	113	557	126	264
Administrative expenses		(596)	(614)	(2,118)	(754)	(962)
Other expenses		–	(82)	(1,680)	(933)	(59)
LOSS BEFORE TAX	5	(483)	(583)	(3,241)	(1,561)	(757)
Income tax expense	7	–	–	–	–	–
LOSS FOR THE YEAR/PERIOD		(483)	(583)	(3,241)	(1,561)	(757)

Statements of Comprehensive Income

	Year ended 31/12/2007	Year ended 31/12/2008	Year ended 31/12/2009	6 months ended 30/6/2009	6 months ended 30/6/2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
LOSS FOR THE YEAR/PERIOD	(483)	(583)	(3,241)	(1,561)	(757)
Other comprehensive income, net of tax					
Exchange differences on translation of foreign operations	–	(17)	(17)	–	(16)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	(483)	(600)	(3,258)	(1,561)	(773)

Statements of Financial Position

	Notes	31/12/2007 HK$'000	31/12/2008 HK$'000	31/12/2009 HK$'000	30/6/2010 HK$'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	*8*	774	678	2,259	2,000
Total non-current assets		774	678	2,259	2,000
CURRENT ASSETS					
Other receivables	*9*	1,576	1,899	314	535
Cash and cash equivalents	*10*	161	37	498	373
Total current assets		1,737	1,936	812	908
TOTAL ASSETS		2,511	2,614	3,071	2,908
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Issued capital	*12*	883	883	883	883
Reserves	*13*	(1,030)	(1,630)	(4,594)	(5,367)
Total equity		(147)	(747)	(3,711)	(4,484)
CURRENT LIABILITIES					
Other payables	*11*	2,658	3,361	6,782	7,392
Total current liabilities		2,658	3,361	6,782	7,392
TOTAL LIABILITIES		2,658	3,361	6,782	7,392
TOTAL EQUITY AND LIABILITIES		2,511	2,614	3,071	2,908
NET CURRENT LIABILITIES		(921)	(1,425)	(5,970)	(6,484)
TOTAL ASSETS LESS CURRENT LIABILITIES		(147)	(747)	(3,711)	(4,484)

Statements of Cash Flows

	Year ended 31/12/2007	Year ended 31/12/2008	Year ended 31/12/2009	6 months ended 30/6/2009	6 months ended 30/6/2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax	(483)	(583)	(3,241)	(1,561)	(757)
Adjustment for:					
Depreciation	138	189	399	87	275
Interest income	(2)	(1)	(1)	–	–
	(347)	(395)	(2,843)	(1,474)	(482)
(Increase)/decrease in other receivables	(1,201)	(323)	1,585	1,243	(221)
Increase in other payables	2,022	703	3,421	201	610
Cash generated from/(used in) operations	474	(15)	2,163	(30)	(93)
Interest received	2	1	1	–	–
Net cash flows from/(used in) operating activities	476	(14)	2,164	(30)	(93)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	(361)	–	(1,966)	(5)	(6)
Net cash flows used in investing activities	(361)	–	(1,966)	(5)	(6)
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital contribution	–	–	294	–	–
Net cash flows from financing activities	–	–	294	–	–

	Year ended 31/12/2007 *HK$'000*	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2009 *HK$'000*	6 months ended 30/6/2009 *HK$'000* *(Unaudited)*	6 months ended 30/6/2010 *HK$'000*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	115	(14)	492	(35)	(99)
Cash and cash equivalents at beginning of year/period	46	161	37	37	498
Effect of foreign exchange rate changes	–	(110)	(31)	–	(26)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	161	37	498	2	373
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	161	37	498	2	373
Non-pledged time deposits with original maturity of less than three months when acquired	–	–	–	–	–
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENTS OF FINANCIAL POSITION AND THE STATEMENTS OF CASH FLOWS	161	37	498	2	373

Statements of Changes in Equity

For the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010.

	Issued capital	Capital reserve	Exchange fluctuation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 1 January 2007	883	–	–	(547)	336
Comprehensive loss for the year	–	–	–	(483)	(483)
Balance as at 31 December 2007 and 1 January 2008	883	–	–	(1,030)	(147)
Comprehensive loss for the year	–	–	(17)	(583)	(600)
Balance as at 31 December 2008 and 1 January 2009	883	–	(17)	(1,613)	(747)
Capital contribution	–	294	–	–	294
Comprehensive loss for the year	–	–	(17)	(3,241)	(3,258)
Balance as at 31 December 2009 and 1 January 2010	883	294	(34)	(4,854)	(3,711)
Comprehensive loss for the period	–	–	(16)	(757)	(773)
Balance as at 30 June 2010	883	294	(50)	(5,611)	(4,484)
Balance as at 1 January 2009	883	–	(17)	(1,613)	(747)
Comprehensive loss for the period	–	–	–	(1,561)	(1,561)
Balance as at 30 June 2009 (Unaudited)	883	–	(17)	(3,174)	(2,308)

Note:

(1) The capital reserve mainly represents the capital contribution from shareholders in 2009.

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shanghai Ying Sheng was incorporated in the PRC with limited liability. The principal activity was scientific and medical research and development and will be engaged in medical devices business.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

For the purposes of preparing and presenting the Financial Information for the Relevant Periods, Shanghai Ying Sheng has consistently applied all of the new and revised HKASs, HKFRSs, amendments and the related interpretations ("**HK (IFRIC") – Int**") (hereinafter collectively referred to as the "**new HKFRSs**") which are effective for the Relevant Periods.

2.2 APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

At the date of authorisation of the Financial Information, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by Shanghai Ying Sheng.

The directors of Shanghai Ying Sheng anticipate that all of the pronouncement will be adopted in the Shanghai Ying Sheng's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have an impact on Shanghai Ying Sheng's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact on Shanghai Ying Sheng's Financial Information and the 30 June 2009 Corresponding Information.

(a) HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost on fair value based on the entity's business model for managing the financial assets and the contractual cash flows characteristics for the financial assets. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors of Shanghai Ying Sheng are currently assessing the possible impact of the new standard on Shanghai Ying Sheng's results and financial position in the first year of application.

(b) Annual improvements 2010

The HKICPA has issued "**Improvements to Hong Kong Financial Reporting Standards 2010**". Most of the amendments become effective for annual periods beginning on or after 1 January 2011. The directors of Shanghai Ying Sheng are currently assessing the possible impacts of the amendments on Shanghai Ying Sheng's results and financial position in the first year of application.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an

individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, Shanghai Ying Sheng recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write-off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate is 20%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at lease at each of reporting date.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where Shanghai Ying Sheng is the lessor, assets leased by Shanghai Ying Sheng under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where Shanghai Ying Sheng is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Shanghai Ying Sheng's financial assets include cash and bank balances and other receivables.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

Impairment of financial assets

Shanghai Ying Sheng assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "**loss event**") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, Shanghai Ying Sheng first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If Shanghai Ying Sheng determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increase or decrease because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

– the rights to receive cash flows from the asset have expired; or

– Shanghai Ying Sheng has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "**pass-through**" arrangement; and either (a) Shanghai Ying Sheng has transferred substantially all the risks and rewards of the asset, or (b) Shanghai Ying Sheng has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Shanghai Ying Sheng has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of Shanghai Ying Sheng's continuing involvement in the asset. In that case, Shanghai Ying Sheng also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Shanghai Ying Sheng has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Shanghai Ying Sheng could be required to repay.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Shanghai Ying Sheng 's financial liabilities include other payables.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which Shanghai Ying Sheng operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

– where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Other employee benefits

The employees of Shanghai Ying Sheng which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. Shanghai Ying Sheng is required to contribute a percentage of the payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

The functional currency of Shanghai Ying Sheng is Renminbi ("**RMB**"). Foreign currency transactions recorded in Shanghai Ying Sheng are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

At the end of the reporting period, the assets and liabilities are translated into the presentation currency of Shanghai Ying Sheng at the exchange rates ruling the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of Shanghai Ying Sheng's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to Shanghai Ying Sheng and when the revenue can be measured reliably. Interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Related parties

A party is considered to be related to Shanghai Ying Sheng if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, Shanghai Ying Sheng; (ii) has an interest in Shanghai Ying Sheng that gives it significant influence over Shanghai Ying Sheng; or (iii) has joint control over Shanghai Ying Sheng;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of Shanghai Ying Sheng or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of Shanghai Ying Sheng, or of any entity that is a related party of Shanghai Ying Sheng.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of Shanghai Ying Sheng's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

Management has made some judgements in the process of applying Shanghai Ying Sheng's accounting policies, and apart from those involving estimations, no significant effect on the amounts recognised in the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains are as follows:-

	Year ended 31/12/2007 *HK$'000*	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2009 *HK$'000*	6 months ended 30/6/2009 *HK$'000* *(Unaudited)*	6 months ended 30/6/2010 *HK$'000*
Revenue	–	–	–	–	–
Other income					
Interest income	2	1	1	–	–
Sundry income	111	112	556	126	264
	113	113	557	126	264

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Year ended 31/12/2007 *HK$'000*	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2009 *HK$'000*	6 months ended 30/6/2009 *HK$'000* *(Unaudited)*	6 months ended 30/6/2010 *HK$'000*
Write-off of other receivables	–	83	1,373	–	59
Depreciation	138	189	399	87	275
Employees benefits expenses (excluding directors' remuneration – note 6)	–	–	421	197	168

6. DIRECTORS' REMUNERATION

Details of the remuneration paid by Shanghai Ying Sheng to the directors during the Relevant Periods is as follows:-

	Year ended 31/12/2007 *HK$'000*	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2009 *HK$'000*	6 months ended 30/6/2009 *HK$'000* *(Unaudited)*	6 months ended 30/6/2010 *HK$'000*
Fees	–	–	–	–	–
Other emoluments	–	–	–	–	–
	–	–	–	–	–

The number of the directors whose remuneration fell within the following bands is as follows:

	Year ended 31/12/2007	Year ended 31/12/2008	Year ended 31/12/2009	6 months ended 30/6/2009 *(Unaudited)*	6 months ended 30/6/2010
Nil – HK$1,000,000	1	1	1	1	1

There was no arrangements under which a director waived or agreed to waive any remuneration during the Relevant Periods.

7. INCOME TAX EXPENSE

No provision for profits tax has been made as Shanghai Ying Sheng did not generate any assessable profits during the Relevant Periods.

No provision for deferred taxation has been made as there are no temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computation.

8. PROPERTY, PLANT AND EQUIPMENT

	Furniture, office equipment and motor vehicles *HK$'000*
At 31 December 2006 and 1 January 2007	
Cost	578
Accumulated depreciation	(27)
Net carrying amount	551
At 1 January 2007, net of accumulated depreciation	551
Additions	361
Depreciation provided during the year	(138)
At 31 December 2007, net of accumulated depreciation	774
At 1 January 2008, net of accumulated depreciation	774
Depreciation provided during the year	(189)
Exchange differences	93
At 31 December 2008, net of accumulated depreciation	678
At 1 January 2009, net of accumulated depreciation	678
Additions	1,966
Depreciation provided during the year	(399)
Exchange differences	14
At 31 December 2009, net of accumulated depreciation	2,259

	Furniture, office equipment and motor vehicles *HK$'000*
At 1 January 2010, net of accumulated depreciation	2,259
Additions	6
Depreciation provided during the period	(275)
Exchange differences	10
At 30 June 2010, net of accumulated depreciation	2,000
At 1 January 2009, net of accumulated depreciation	678
Additions	5
Depreciation provided during the period	(87)
At 30 June 2009, net of accumulated depreciation (Unaudited)	596

9. OTHER RECEIVABLES

The balance included the amount due from the Existing InnoMed Group of approximately HK$535,000 as at 30 June 2010. None of the reported balances is either past due or impaired. The financial assets included in the reported balances relate to receivables for which there was no recent history of default.

10. CASH AND CASH EQUIVALENTS

	31/12/2007 *HK$'000*	31/12/2008 *HK$'000*	31/12/2009 *HK$'000*	30/6/2010 *HK$'000*
Cash and bank balances	161	37	498	373

All of the above balances are denominated in Renminbi ("**RMB**").

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, Shanghai Ying Sheng is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

11. OTHER PAYABLES

The balances included the amount due to the Existing InnoMed Group of approximately HK$4,841,000 as at 30 June 2010 and other payables are non-interest-bearing.

12. SHARE CAPITAL

	31/12/2007 *US$*	31/12/2008 *US$*	31/12/2009 *US$*	30/6/2010 *US$*
Registered:	110,000	110,000	110,000	110,000
	HK$	*HK$*	*HK$*	*HK$*
Paid up:	883,042	883,042	883,042	883,042

Shanghai Ying Sheng was incorporated on 26 December 2005 with a registered capital of US$110,000.

13. RESERVES

The amount of the reserves and the movements therein for the Relevant Periods of Shanghai Ying Sheng are presented in the statements of changes in equity.

14. CONTINGENT LIABILITIES

Shanghai Ying Sheng had no significant contingent liabilities at the end of each reporting period.

15. OPERATING LEASE ARRANGEMENTS

Shanghai Ying Sheng leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At the end of each reporting period, Shanghai Ying Sheng had total future minimum lease payments under non-cancelable operating leases falling due as follows:-

	31/12/2007	**31/12/2008**	**31/12/2009**	**30/6/2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	433	565	576	1,126
In the second to fifth years, inclusive	540	989	433	990
	973	1,554	1,009	2,116

16. COMMITMENTS

Shanghai Ying Sheng had no significant commitment at the end of each reporting period.

17. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of Shanghai Ying Sheng as at 31 December 2007, 2008 and 2009 as well as 30 June 2010, are loans and receivables, and financial liabilities at amortised cost, respectively.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Shanghai Ying Sheng's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for Shanghai Ying Sheng's operations. Shanghai Ying Sheng has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The main risks arising from Shanghai Ying Sheng's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The credit risk of Shanghai Ying Sheng's financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

There is no significant concentration of credit risk in relation to Shanghai Ying Sheng's financial assets, other than trade receivables.

Liquidity risk

The credit risk of Shanghai Ying Sheng's financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Shanghai Ying Sheng's objective is to maintain a balance between continuity of funding and flexibility through the use of shareholder's loan. All Shanghai Ying Sheng's financial liabilities are payable within 1 year or on demand.

Capital management

Shanghai Ying Sheng manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, Shanghai Ying Sheng may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Shanghai Ying Sheng is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods. The gearing ratio is zero.

19. EVENTS AFTER THE RELEVANT PERIODS

On 11 October 2010, InnoMed entered into the Shanghai Ying Sheng Equity Transfer Agreement with Mr. Hu, shareholder of Shanghai Ying Sheng, to purchase all the equity interest in Shanghai Ying Sheng. Upon completion of the Shanghai Ying Sheng Equity Transfer Agreement, InnoMed will become the immediate holding company of Shanghai Ying Sheng.

Yours faithfully,
T.O. Yip & Co. Limited
Certified Public Accountants
Hong Kong

Set out below are certain financial information of CCT Tech International Limited ("**CCT Tech**") and its subsidiaries (the "**CCT Tech Group**") for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010. The financial information of the CCT Tech Group for the years ended 31 December 2007, 2008 and 2009 has been extracted from the published annual report of CCT Tech for the relevant financial years. The financial information of the CCT Tech Group for the six months ended 30 June 2010 has been extracted from the published interim report of CCT Tech for the six months ended 30 June 2010. The financial information of the CCT Tech Group for the six months ended 30 June 2010 has been reviewed by Ernst & Young, Certified Public Accountants, Hong Kong without any qualifications or modifications.

Consolidated Income Statements

	Year ended 31/12/2007 *HK$ million* (Audited)	**Year ended 31/12/2008** *HK$ million* (Audited)	**Year ended 31/12/2009** *HK$ million* (Audited)	**6 months ended 30/6/2009** *HK$ million* (Unaudited)	**6 months ended 30/6/2010** *HK$ million* (Unaudited)
REVENUE	3,343	2,758	1,446	620	698
Cost of sales	(3,306)	(2,781)	(1,330)	(584)	(645)
Gross profit/(loss)	37	(23)	116	36	53
Other income and gains	25	36	23	16	17
Selling and distribution costs	(44)	(36)	(24)	(10)	(13)
Administrative expenses	(153)	(149)	(111)	(54)	(53)
Other expenses	(40)	(8)	(18)	(11)	(3)
Finance costs	(14)	(9)	(3)	(2)	(4)
	(189)	(189)	(17)	(25)	(3)
Costs in connection with the Discontinuation and restructuring, net	–	(126)	–	–	–
LOSS BEFORE TAX	(189)	(315)	(17)	(25)	(3)
Income tax expense	(12)	(2)	(2)	(1)	(1)
LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	(201)	(317)	(19)	(26)	(4)

Consolidated Statements of Comprehensive Income

	Year ended 31/12/2007 *HK$ million* (Audited)	Year ended 31/12/2008 *HK$ million* (Audited)	Year ended 31/12/2009 *HK$ million* (Audited)	6 months ended 30/6/2009 *HK$ million* (Unaudited)	6 months ended 30/6/2010 *HK$ million* (Unaudited)
LOSS FOR THE YEAR/PERIOD	(201)	(317)	(19)	(26)	(4)
Other comprehensive income, net or tax:					
Exchange differences on translation of foreign operations	–	1	–	–	–
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	(201)	(316)	(19)	(26)	(4)

Consolidated Statements of Financial Position

	31/12/2007 *HK$ million* (Audited)	31/12/2008 *HK$ million* (Audited)	31/12/2009 *HK$ million* (Audited)	30/6/2010 *HK$ million* (Unaudited)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	569	449	392	375
Investment properties	178	178	178	178
Prepaid land lease payments	48	47	46	45
Goodwill	22	22	22	22
Other intangible assets	25	–	–	–
Total non-current assets	842	696	638	620
CURRENT ASSETS				
Inventories	186	106	68	101
Trade and bills receivables	689	402	352	326
Prepayment, deposits and other receivables	24	32	44	51
Financial assets at fair value through profit or loss	28	–	–	–
Pledged time deposits	85	86	62	82
Cash and cash equivalents	476	455	349	427
Total current assets	1,488	1,081	875	987
TOTAL ASSETS	2,330	1,777	1,513	1,607
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Issued capital	654	654	654	654
Reserves	397	81	64	60
Total equity	1,051	735	718	714
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	31	–	29	151
Deferred tax liabilities	4	2	1	1
Total non-current liabilities	35	2	30	152

	31/12/2007 *HK$ million* (Audited)	31/12/2008 *HK$ million* (Audited)	31/12/2009 *HK$ million* (Audited)	30/6/2010 *HK$ million* (Unaudited)
CURRENT LIABILITIES				
Trade and bills payables	875	610	407	423
Tax payable	12	9	8	9
Other payables and accruals	168	156	136	117
Interest-bearing bank borrowings	189	265	214	192
Total current liabilities	1,244	1,040	765	741
TOTAL LIABILITIES	1,279	1,042	795	893
TOTAL EQUITY AND LIABILITIES	2,330	1,777	1,513	1,607
NET CURRENT ASSETS	244	41	110	246
TOTAL ASSETS LESS CURRENT LIABILITIES	1,086	737	748	866

Consolidated Statements of Cash Flows

	Year ended 31/12/2007 *HK$ million* (Audited)	Year ended 31/12/2008 *HK$ million* (Audited)	Year ended 31/12/2009 *HK$ million* (Audited)	6 months ended 30/6/2009 *HK$ million* (Unaudited)	6 months ended 30/6/2010 *HK$ million* (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax	(189)	(315)	(17)	(25)	(3)
Adjustments for:					
Finance costs	14	9	3	2	4
Interest income	(15)	(6)	–	–	–
Depreciation	96	92	63	32	26
Equity-settled share option expense	12	–	2	–	–
Recognition of prepaid land lease payments	2	1	1	1	1
Amortisation of other intangible assets	35	24	–	–	–
Loss on disposal of items of property, plant and equipment	–	1	–	–	–
Impairment of items of property, plant and equipment	–	60	–	–	–
Write-off of items of property, plant and equipment	–	2	5	–	–
Impairment of deferred development costs	–	22	–	–	–
Net impairment of trade receivables	22	48	13	11	3
Write-off of other receivables	6	–	–	–	–
Write-off of deferred development costs	12	6	–	–	–
Provision made/(written back) for slow-moving and obsolete inventories	14	17	(9)	–	–
Fair value gain on financial assets at fair value through profit or loss	(1)	–	–	–	–
Gain on disposal of financial assets at fair value through profit or loss	–	(1)	–	–	–
	8	(40)	61	21	31
(Increase)/decrease in inventories	(9)	63	47	26	(33)
Decrease in trade receivables	111	239	37	207	23
Increase in prepayments, deposits and other receivables	(5)	(8)	(12)	(7)	(7)
Increase/(decrease) in trade and bills payables, other payables and accruals	4	(277)	(223)	(343)	(3)

	Year ended 31/12/2007 *HK$ million* (Audited)	Year ended 31/12/2008 *HK$ million* (Audited)	Year ended 31/12/2009 *HK$ million* (Audited)	6 months ended 30/6/2009 *HK$ million* (Unaudited)	6 months ended 30/6/2010 *HK$ million* (Unaudited)
Cash from/(used in) operations	109	(23)	(90)	(96)	11
Interest received	15	6	–	–	–
Interest paid	(14)	(9)	(3)	(2)	(4)
Hong Kong profits tax paid	(7)	(3)	(2)	(3)	–
PRC tax paid	–	(4)	(2)	–	–
Net cash flows from/(used in) operating activities	103	(33)	(97)	(101)	7
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment	(110)	(35)	(11)	(4)	(9)
Additions to other intangible assets	(35)	(27)	–	–	–
Purchase of financial assets at fair value through profit or loss	(27)	–	–	–	–
Proceeds from disposal of financial assets at fair value through profit or loss	–	29	–	–	–
(Increase)/decrease in pledged time deposits	(2)	(1)	24	–	(20)
Net cash flows (used in)/from investing activities	(174)	(34)	13	(4)	(29)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of new shares	58	–	–	–	–
New bank loans	116	112	104	64	303
New/(repayment of) trust receipts loans, net	19	50	(42)	–	–
Repayment of bank loans	(115)	(117)	(84)	(162)	(203)
Capital element of finance lease rental payments	(1)	–	–	–	–
Net cash flows from/(used in) financing activities	77	45	(22)	(98)	100

	Year ended 31/12/2007 *HK$ million* (Audited)	Year ended 31/12/2008 *HK$ million* (Audited)	Year ended 31/12/2009 *HK$ million* (Audited)	6 months ended 30/6/2009 *HK$ million* (Unaudited)	6 months ended 30/6/2010 *HK$ million* (Unaudited)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6	(22)	(106)	(203)	78
Cash and cash equivalents at beginning of year/period	470	476	455	455	349
Effect of foreign exchange rate changes, net	–	1	–	–	–
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	476	455	349	252	427
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	383	297	266	192	152
Non-pledged time deposits with original maturity of less than three months when acquired	93	158	83	60	275
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED STATEMENT OF CASH FLOWS	476	455	349	252	427

Consolidated Statements of Changes in Equity

For the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010.

	Attributable to owners of the parent							
	Issued capital *HK$ million*	Share premium account *HK$ million*	Capital reserve *HK$ million*	Share option reserve *HK$ million*	Equity component of convertible notes *HK$ million*	Exchange fluctuation reserve *HK$ million*	Accumulated losses *HK$ million*	Total *HK$ million*
(Audited)								
At 1 January 2006	159	4	733	–	7	–	(477)	426
Total comprehensive income for the year	–	–	–	–	–	–	100	100
Issue of new shares upon conversion of convertible notes	485	178	–	–	(7)	–	–	656
At 31 December 2006 and 1 January 2007	644	182	733	–	–	–	(377)	1,182
Total comprehensive loss for the year	–	–	–	–	–	–	(201)	(201)
Equity-settled share option arrangement	–	–	–	12	–	–	–	12
Issue of new shares upon exercise of share options	10	56	–	(8)	–	–	–	58
At 31 December 2007 and 1 January 2008	654	238	733	4	–	–	(578)	1,051
Total comprehensive loss for the year	–	–	–	–	–	1	(317)	(316)
At 31 December 2008 and 1 January 2009	654	238	733	4	–	1	(895)	735
Total comprehensive loss for the year	–	–	–	–	–	–	(19)	(19)
Equity-settled share option arrangement	–	–	–	2	–	–	–	2
At 31 December 2009	654	238	733	6	–	1	(914)	718
(Unaudited)								
At 1 January 2010	654	238	733	6	–	1	(914)	718
Total comprehensive loss for the period	–	–	–	–	–	–	(4)	(4)
At 30 June 2010	654	238	733	6	–	1	(918)	714
(Unaudited)								
At 1 January 2009	654	238	733	4	–	1	(895)	735
Total comprehensive loss for the period	–	–	–	–	–	–	(26)	(26)
At 30 June 2009	654	238	733	4	–	1	(921)	709

NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

CCT Tech International Limited ("CCT Tech") is a limited liability company incorporated in Bermuda. Its registered office is located at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong. During the six months ended 30 June 2010, the principal activities of CCT Tech and its subsidiaries (collectively the "CCT Tech Group") were principally involved in the manufacture and sale of telecom and electronic products, accessories and components.

In the opinion of the directors, the parent of CCT Tech is Jade Assets Company Limited, which is incorporated in the British Virgin Islands with limited liability. The ultimate holding company of CCT Tech is CCT Telecom Holdings Limited ("CCT Telecom"), which is incorporated in the Cayman Islands and continued in Bermuda with limited liability and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 should be read in conjunction with the audited annual financial statements of the CCT Tech Group for the year ended 31 December 2009 (the "**2009 Annual Report**").

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 are consistent with those followed in the preparation of the CCT Tech Group's 2009 Annual Report.

The following new and revised HKFRSs have been adopted by the CCT Tech Group with effect from 1 January 2010. The adoption of the new and revised HKFRSs does not have any significant financial effect on the interim financial information.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*

4. OPERATING SEGMENT INFORMATION

For management purposes, the CCT Tech Group is organised into business units based on their products and services and has only one reportable operating segment which is the manufacture and sale of telecom and electronic products and accessories.

Management monitors the results of its operating segment separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/ (loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the CCT Tech Group's profit/(loss) before tax except the head office and corporate expenses is excluded from such measurement.

Segment assets exclude corporate and other unallocated assets as these assets are managed on a group basis. Segment liabilities exclude deferred tax liabilities, tax payable and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Segment information about the single business segment of the CCT Tech Group for the period ended 30 June 2010 and 2009 is presented as below:

	Telecom and electronic products Six months ended 30 June		Reconciliations Six months ended 30 June		Group total Six months ended 30 June	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
HK$ million	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:						
Sales to external customers	698	620	–	–	698	620
Operating profit/(loss)	5	(17)	–	–	5	(17)
Interest income	1	–	–	–	1	–
Finance costs	(4)	(2)	–	–	(4)	(2)
Reconciled items:						
Corporate and other unallocated expenses	–	–	(5)	(6)	(5)	(6)
Profit/(loss) before tax	2	(19)	(5)	(6)	(3)	(25)
Expenditure for non-current assets	9	4	–	–	9	4
Depreciation and amortisation	(27)	(33)	–	–	(27)	(33)
Other material non-cash items:						
Net impairment of trade receivables	(3)	(11)	–	–	(3)	(11)

	Telecom and electronic products		Reconciliations		Group total	
	30 June 2010	**31 December 2009**	**30 June 2010**	**31 December 2009**	**30 June 2010**	**31 December 2009**
HK$ million	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	1,604	1,509	–	–	1,604	1,509
Reconciled item:						
Corporate and other unallocated assets	–	–	3	4	3	4
Total assets	1,604	1,509	3	4	1,607	1,513
Segment liabilities	883	785	–	–	883	785
Reconciled item:						
Corporate and other unallocated liabilities	–	–	10	10	10	10
Total liabilities	883	785	10	10	893	795

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2010	**2009**
HK$ million	(Unaudited)	(Unaudited)
Europe	572	388
North America	26	118
Asian Pacific and others	100	114
	698	620

The revenue information above is based on the final locations where the CCT Tech Group's products were sold to customers.

(b) Non-current assets

	30 June	**31 December**
	2010	**2009**
HK$ million	(Unaudited)	(Audited)
Hong Kong	42	39
Mainland China	577	598
Other countries	1	1
	620	638

The non-current assets information is based on the location of assets.

Information about major customers

For the six months ended 30 June 2010, revenue from each of two major customers of the telecom and electronic products segment was HK$287 million and HK$220 million, respectively, representing 41% and 32% of the CCT Tech Group's total revenue, respectively.

For the six months ended 30 June 2009, revenue from each of four major customers of the telecom and electronic products segment was HK$145 million, HK$144 million, HK$89 million and HK$66 million, respectively, representing 23%, 23%, 14% and 11% of the CCT Tech Group's total revenue, respectively.

5. LOSS BEFORE TAX

The CCT Tech Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2010	**2009**
HK$ million	(Unaudited)	(Unaudited)
Cost of inventories sold	645	584
Depreciation	26	32
Amortisation of prepaid land lease payments	1	1
Impairment of trade receivables	3	11

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. No Hong Kong profits tax has been provided for the six months ended 30 June 2009 as the CCT Tech Group had no profits chargeable to Hong Kong profits tax during that period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the CCT Tech Group operates.

	Six months ended 30 June	
	2010	**2009**
HK$ million	(Unaudited)	(Unaudited)
Current – Hong Kong	1	–
Current – Elsewhere	–	1
Total tax charge for the period	1	1

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the CCT Tech Group acquired fixed assets of approximately HK$9 million (six months ended 30 June 2009: HK$4 million).

8. PLEDGE OF ASSETS

At 30 June 2010, the CCT Tech Group's interest-bearing bank borrowings were secured by:

(a) the pledge of the CCT Tech Group's buildings situated in the People's Republic of China (the "**PRC**"), which had an aggregate carrying value at the end of the reporting period of approximately HK$232 million (31 December 2009: HK$236 million);

(b) the pledge of the CCT Tech Group's investment properties situated in the PRC, which had an aggregate carrying value at the end of the reporting period of approximately HK$178 million (31 December 2009: HK$178 million);

(c) the pledge of the CCT Tech Group's leasehold land situated in the PRC, which had an aggregate carrying value at the end of the reporting period of approximately HK$46 million (31 December 2009: HK$47 million); and

(d) the pledge of certain of the CCT Tech Group's time deposits amounted to approximately HK$82 million (31 December 2009: HK$62 million).

9. RELATED PARTY TRANSACTIONS

(a) During the current period, the CCT Tech Group had the following related party transactions:

		Six months ended 30 June	
	Notes	**2010**	**2009**
HK$ million		(Unaudited)	(Unaudited)
Fellow subsidiaries:			
Purchase of components	*(i)*	113	105
Factory rental income	*(ii)*	3	3
Office rental expenses	*(iii)*	1	1
Sale of electronic children products	*(iv)*	1	–
Ultimate holding company:			
Management information system service fee	*(v)*	3	3

Notes:

(i) The power supply components, transformers, plastic casings and components and toolings for the production of telecom and electronic products for the CCT Tech Group were purchased by the subsidiaries of CCT Tech from fellow subsidiaries at prices mutually agreed between the relevant parties.

(ii) The factory rental income was charged to a fellow subsidiary for the provision of factory space in Huiyang, at a rate determined in accordance with terms and conditions set out in a tenancy agreement.

(iii) The office rental expenses were charged to CCT Tech by a fellow subsidiary for the provision of office spaces in Hong Kong, at rates determined in accordance with the terms and conditions set out in the tenancy agreements.

(iv) The electronic children products were sold to fellow subsidiaries, pursuant to which CCT Tech agrees to design, develop, manufacture and supply through CCT Tech and its subsidiaries certain electronic children products, electronic components and toolings for fellow subsidiaries. The selling prices were determined in accordance with terms and conditions set out in the electronic children products manufacturing agreement.

(v) The management information system service fee was charged to CCT Telecom by CCT Tech for the provision of general management information system support, network and software consultation and hardware maintenance services. The rate was determined in accordance with the terms and conditions set out in MIS agreement.

(b) Compensation of key management personnel of the CCT Tech Group:

	Six months ended 30 June	
	2010	**2009**
HK$ million	(Unaudited)	(Unaudited)
Short term employee benefits	4	5
Post-employment benefits	–	–
Total compensation paid to key management personnel	4	5

10. EVENTS AFTER THE REPORTING PERIOD

(a) On 13 October 2010, CCT Tech entered into a conditional agreement with MIV Therapeutics, Inc. and MIV Scientific Holdings Limited in respect of the proposed acquisition of 80 shares of US$1.00 each in MIV Scientific Holdings Limited by CCT Tech from the MIV Therapeutics, Inc. and the proposed subscription of 20 new shares in MIV Scientific Holdings Limited by CCT Tech (collectively as the "Transactions") at a consideration of US$100 million (equivalent to approximately HK$780 million).

The consideration comprises of (i) an aggregate amount of US$20 million (equivalent to approximately HK$156 million) payable by CCT Tech in cash by installments for the subscription of 20 new shares in MIV Scientific Holdings Limited; and (ii) an aggregate amount of US$80 million (equivalent to approximately HK$624 million) to be satisfied by CCT Tech by way of allotment and issue of non-voting redeemable convertible preference shares of par value of HK$0.01 each at the issue price of HK$0.18 each ("Redeemable CPS") for the purchase of 80 shares of US$1.00 each in MIV Scientific Holdings Limited.

The conditional agreement was subsequently amended and revised by (i) the Supplemental Agreement dated 19 October 2010; and (ii) the Second Supplemental Agreement dated 22 October 2010. Following completion of the Transactions pursuant to the conditional agreement as amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement (collectively as the "S&P Agreement"), CCT Tech (or its designated nominee(s)) will beneficially own the then entire issued share capital of MIV Scientific Holdings Limited as enlarged by the proposed subscription of 20 new shares in MIV Scientific Holdings Limited.

MIV Scientific Holdings Limited owns patents related to cardiovascular medical devices and coronary stents and together with its subsidiaries will be engaged in the manufacture and sale of vascular stent system and other medical devices.

Completion of the Transactions is subject to the approval of CCT Tech's shareholders at the special general meeting to be held on 24 December 2010 and upon the fulfillment or the waiver of the conditions in the S&P Agreement on or before 31 December 2010. Further details of the Transactions are set out in the circular of CCT Tech dated 30 November 2010.

(b) On 19 October 2010, a placing agreement was entered into between CCT Tech and SBI E2-Capital (HK) Limited to raise funds for CCT Tech of at least US$30 million (equivalent to approximately HK$234 million) by means of placing (the "Placing") up to 13,000,000,000 existing ordinary shares of CCT Tech of HK$0.01 each, if the Placing is undertaken before capital reorganisation becoming effective; or up to 1,300,000,000 new ordinary shares of CCT Tech of HK$0.01 each, if the Placing is undertaken after the capital reorganisation becoming effective. The funds raised will be used to finance the Transactions, the expenses related to the Transactions of approximately HK$10 million and for the working capital and the general corporate expenditure of the CCT Tech Group and the telecom product business of approximately HK$68 million.

Completion of the Placing will take place on or before 28 December 2010 after the satisfaction of the conditions set out in the placing agreement. Further details of the Placing are set out in the circular of CCT Tech dated 30 November 2010.

(c) On 29 October 2010, CCT Tech entered into a sale and purchase contract through an indirect wholly-owned subsidiary, Huiyang CCT Telecommunications Products Co., Ltd., with an independent third party in relation to the acquisition of office premises in Shenzhen, the PRC for a cash consideration of approximately HK$41 million.

11. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information of the CCT Tech Group was approved and authorised for issue by the board of directors of CCT Tech on 30 November 2010.

Set out below is the letter from Ernst & Young, the auditors of CCT Telecom, on the unaudited pro forma financial information of the Enlarged Group together with the unaudited pro forma financial information of the Remaining Group in connection with the Transactions, the Placing and the Conversion of the CCT Tech Group.

安永 ERNST & YOUNG

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

30 November 2010

The Directors
CCT Telecom Holdings Limited

CCT Telecom Holdings Limited (the "Company") and its subsidiaries (the "Group")

We report on the unaudited pro forma financial information of the Group (the "**Unaudited Pro Forma Financial Information**") set out on pages 151 to 165 in Appendix IV to the circular of the Company dated 30 November 2010 (the "**Circular**") in connection with the very substantial acquisition and very substantial disposal transactions of the Company, which has been prepared by the directors of the Company for illustrative purposes only, to provide information to the shareholders of the Company about how the Transactions, the Placing and the Conversion (as defined in the Circular) might have affected the financial information presented in respect of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 151 to 165 to the Circular.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standards on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement does not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical natures, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 June 2010 or any futures dates; or
- the results and cash flows of the Group for the year ended 31 December 2009 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

Capitalised terms used herein shall have the same meanings as those defined in this Circular, unless that the context requires otherwise.

ENLARGED GROUP

The accompanying unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the Transactions that might have on the financial information of the Group, assuming that (i) there is no conversion of the Redeemable CPS; and (ii) the Placing was undertaken after the completion of the Transactions.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group which is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2010, after giving effect to the pro forma adjustments as explained in the notes in section (1) of the appendix attached, for the purpose of illustrating the effect of the Transactions on the financial position of the Group as if the Transactions had taken place on 30 June 2010.

The unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group in sections (2), (3) and (4) respectively of the appendix attached, is prepared based on the audited consolidated income statement, the audited consolidated of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2009, respectively, after giving the effect to the pro forma adjustments as explained in the notes in sections (2), (3) and (4) respectively of the appendix attached, for the purpose of illustrating the effect of the Transactions on the results and cash flows, respectively, of the Group as if the Transactions had taken place on 1 January 2009.

The unaudited pro forma financial information of the Enlarged Group has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Transactions been completed as at 30 June 2010 or any future dates and of results and cash flows of the Enlarged Group for the year ended 31 December 2009 or may future periods had the Transaction been completed on 1 January 2009 or any future dates.

REMAINING GROUP

The accompanying unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the Placing on the Enlarged Group and the full conversion of all the 3,466,700,000 Redeemable CPS into CCT Tech Ordinary Shares. As a result of the Placing, the shareholding of CCT Telecom in CCT Tech will be diluted from 50.49% to 42.12%. As a result of the Placing, members of the CCT Tech Enlarged Group will cease to be subsidiaries of the Company and will be accounted for as interest in an associated company in the financial statements of CCT Telecom. The shareholding of CCT Telecom in CCT Tech Group will be further diluted from 42.12% to 29.21% as a result of the allotment and issue of all the 3,466,700,000 Redeemable CPS by CCT Tech and the full conversion of all the 3,466,700,000 Redeemable CPS into CCT Tech Ordinary Shares ("**Conversion**"). After the Conversion, members of the CCT Tech Enlarged Group will be continued to be accounted for as interest in an associated company in the financial statements of the Company.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2010 as shown in section (1) of the appendix attached, after giving effect to the pro forma adjustments as explained in the notes in section (1) of the appendix attached, for the purpose of illustrating the effect of the Placing and the Conversion on the financial position of the Enlarged Group as if the Placing and the full conversion of all the 3,466,700,000 Redeemable CPS into CCT Tech Ordinary Shares had taken place on 30 June 2010.

The unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group as shown in last column headed "Unaudited pro forma Remaining Group after the full conversion of all the 3,466,700,000 Redeemable CPS" of the sections (2), (3) and (4) respectively of the appendix attached, is prepared based on the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated of comprehensive income and the unaudited pro forma consolidated statement of cash flows, respectively, of the Enlarged Group for the year ended 31 December 2009, as shown in column six headed "Unaudited pro forma Enlarged Group immediately after the Transactions" of the sections (2), (3) and (4) respectively of the appendix attached, after giving the effect to the pro forma adjustments as explained in the notes in sections (2), (3) and (4) respectively of the appendix attached, for the purpose of illustrating the effect of the Placing and the Conversion on the results and cash flows of the Enlarged Group as if the Placing and the Conversion had taken place on 1 January 2009.

In accordance with the terms of the S&P Agreement, the Placing will take place before Completion, which will dilute the Company's shareholding interest in CCT Tech from above 50% to below 50%. As such, members of the CCT Tech Enlarged Group will cease to be subsidiaries of the Company and will be accounted for as an interest in an associate in the Company's financial statements after the Placing. The unaudited pro forma financial information of the Enlarged Group has been prepared for illustrating purposes only, as if (i) there had been no conversion of the Redeemable CPS; and (ii) the Placing had been undertaken after completion of the Transactions. Because of its hypothetical nature, the unaudited pro forma financial information of the Enlarged Group is not intended to give a true picture of the financial position, the results and cash flows of the Group after Completion or the picture of the financial position of the Enlarged Group, on the basis of the assumptions made, had the Transactions been completed as at 30 June 2010 or any future dates and of the results and cash flows of the Enlarged Group for the year ended 31 December 2009 or any future periods had the Transactions been completed on 1 January 2009 or any future dates.

The unaudited pro forma financial information of the Remaining Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group had the Placing and the Transactions been completed and the Conversion taken place as at 30 June 2010 or any future dates and of the results and cash flows of the Remaining Group for the year ended 31 December 2009 or any future periods had the Placing and the Transactions been completed and the Conversion taken place on 1 January 2009 or any future dates.

(1) Unaudited pro forma consolidated statement of financial position

HK$ million	The Group as at 30 June 2010 *Note (a)*	The Existing InnoMed Group as at 30 June 2010 *Note (b)*	Shanghai Ying Sheng as at 30 June 2010 *Note (c)*	Pro forma adjustments	Notes	Unaudited pro forma Enlarged Group immediately after the Transactions	Pro forma adjustments *Note (m)*	*Note (n)*	*Note (o)*	*Note (p)*	Unaudited pro forma Remaining Group after the Placing but before any conversion of Redeemable CPS	Pro forma adjustments *Note (q)*	Unaudited pro forma Remaining Group after the full conversion of all the 3,466,700,000 Redeemable CPS
ASSETS													
NON-CURRENT ASSETS													
Property, plant and equipment	770	–	2	–		772	(522)	55	–	–	305	–	305
Investment properties	310	–	–	–		310	–	–	–	–	310	–	310
Prepaid land lease payments	205	–	–	–		205	(77)	5	–	–	133	–	133
Goodwill	55	–	–	170	*(f)*	225	(225)	–	–	–	–	–	–
Interest in an associate	176	–	–	–		176	–	–	462	–	638	–	638
Intangible assets	–	–	–	624	*(g)*	624	(624)	–	–	–	–	–	–
Derivative financial instrument	–	–	–	5	*(h)*	5	(5)	–	–	–	–	–	–
Available-for-sale financial assets	4	–	–	–		4	–	–	–	–	4	–	4
Deferred tax assets	1	–	–	–		1	–	–	–	–	1	–	1
Total non-current assets	1,521	–	2	799		2,322	(1,453)	60	462	–	1,391	–	1,391
CURRENT ASSETS													
Inventories	140	–	–	–		140	(101)	–	–	–	39	–	39
Property under development	148	–	–	–		148	–	–	–	–	148	–	148
Investment property classified as held for sale	132	–	–	–		132	–	–	–	–	132	–	132
Trade receivables	370	–	–	–		370	(326)	–	–	70	114	–	114
Prepayments, deposits and other receivables	450	6	1	(7)	*(d),(e)*	450	(52)	–	–	–	398	–	398
Financial assets at fair value through profit or loss	242	–	–	–		242	–	–	–	–	242	–	242
Pledged time deposits	85	–	–	–		85	(82)	–	–	–	3	–	3
Cash and cash equivalents	670	3	–	(42)	*(i)*	631	(388)	–	–	–	243	–	243
Total current assets	2,237	9	1	(49)		2,198	(949)	–	–	70	1,319	–	1,319
Total assets	3,758	9	3	750		4,520	(2,402)	60	462	70	2,710	–	2,710

HK$ million	The Group as at 30 June 2010 *Note (a)*	The Existing InnoMed Group as at 30 June 2010 *Note (b)*	Shanghai Ying Sheng as at 30 June 2010 *Note (c)*	Pro forma adjustments	Notes	Unaudited pro forma Enlarged Group immediately after the Transactions	Pro forma adjustments *Note (m)*	*Note (n)*	*Note (o)*	*Note (p)*	Unaudited pro forma Remaining Group after the Placing but before any conversion of Redeemable CPS	Pro forma adjustments *Note (q)*	Unaudited pro forma Remaining Group after the full conversion of all the 3,466,700,000 Redeemable CPS
EQUITY AND LIABILITIES													
Equity attributable to equity holders of the parent													
Issued capital	61	–	1	(1)		61	–	–	–	–	61	–	61
Reserves	2,021	–	(6)	4	*(j)*	2,019	(392)	60	462	–	2,149	–	2,149
	2,082	–	(5)	3		2,080	(392)	60	462	–	2,210	–	2,210
Non-controlling interests	353	–	–	605	*(j)*	958	(958)	–	–	–	–	–	–
Total equity	2,435	–	(5)	608		3,038	(1,350)	60	462	–	2,210	–	2,210
NON-CURRENT LIABILITIES													
Interest-bearing bank loans and other borrowings	255	–	–	–		255	(151)	–	–	–	104	–	104
Deferred tax liabilities	28	–	–	156	*(k)*	184	(157)	–	–	–	27	–	27
Total non-current liabilities	283	–	–	156		439	(308)	–	–	–	131	–	131
CURRENT LIABILITIES													
Trade and bills payables	443	–	–	–		443	(423)	–	–	70	90	–	90
Tax payable	35	–	–	–		35	(9)	–	–	–	26	–	26
Other payables and accruals	215	1	8	(6)	*(d)*	218	(120)	–	–	–	98	–	98
Amount due to a shareholder	–	8	–	(8)	*(l)*	–	–	–	–	–	–	–	–
Interest-bearing bank and other borrowings	347	–	–	–		347	(192)	–	–	–	155	–	155
Total current liabilities	1,040	9	8	(14)		1,043	(744)	–	–	70	369	–	369
Total liabilities	1,323	9	8	142		1,482	(1,052)	–	–	70	500	–	500
Total equity and liabilities	3,758	9	3	750		4,520	(2,402)	60	462	70	2,710	–	2,710
Net current assets/(liabilities)	1,197	–	(7)	(35)		1,155	(205)	–	–	–	950	–	950
Total assets less current liabilities	2,718	–	(5)	764		3,477	(1,658)	60	462	–	2,341	–	2,341

Notes:

(a) The unaudited consolidated statement of financial position of the Group as at 30 June 2010 was extracted from the published interim report of the Group for the period ended 30 June 2010.

(b) The audited consolidated statement of financial position of the Existing InnoMed Group as at 30 June 2010 was extracted from the accountants' report of the Existing InnoMed Group, which is set out in Appendix IIB to the Circular.

(c) The audited statement of financial position of Shanghai Ying Sheng as at 30 June 2010 was extracted from the accountants' report of Shanghai Ying Sheng, which is set out in Appendix IIC to the Circular.

(d) The adjustment represents the intercompany elimination between the Existing InnoMed Group and Shanghai Ying Sheng.

(e) The adjustment represents the elimination of the investment in Shanghai Ying Sheng of approximately HK$1 million assuming completion of the Shanghai Ying Sheng Equity Transfer Agreement had taken place on 30 June 2010.

(f) The adjustment represents goodwill arising from the acquisition of the Target Group and is estimated as follows:

	HK$ million
Cost of investment:	
InnoMed Cash Consideration	39
Fair value of the 650,000,000 Redeemable CPS to be issued to the InnoMed Owner subject to the S&P Agreement, upon Completion	117
Fair value of the contingent consideration for the 2,816,700,000 Redeemable CPS to be issued to the Vendor, subject to achievement of various milestones by the Target Group and other conditions of the S&P Agreement	489
	645
Less: Fair value of the Put Option *(Note (h))*	(5)
Total cost of investment	640
Less:	
Fair value of net identifiable assets of the Target Group to be acquired:	
Net deficit of the Target Group *(Notes (b) to (e))*	(6)
InnoMed Shareholder's Loan *(Note (l))*	8
Fair value of the Patents *(Note (g))*	624
Deferred tax liabilities on the fair value of the Patents *(Note (k))*	(156)
	470
Goodwill	170

The identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the CCT Tech Group at fair value under the purchase method of accounting in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("HKFRS 3 (Revised)"). For the purpose of determining goodwill arising from the Transactions in the Unaudited Pro Forma Financial Information, the CCT Tech Group have estimated the fair value of each of: (i) the batch of the Redeemable CPS to be issued to the InnoMed Owner at the issue price of HK$0.18 each; (ii) the contingent consideration for the batches of Redeemable CPS to be issued to the Vendor; (iii) the fair value of the Patents as at 30 September 2010; and (iv) the fair values of the other identifiable assets and liabilities of the Target Group as at 30 June 2010, as shown above.

The Directors and CCT Tech Directors have reviewed the pro forma fair values of the intangible assets (including the goodwill and the Patents) of the Enlarged Group in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" ("**HKAS 36**"). The Directors and CCT Tech Directors are of the opinion that there is no indication that the pro forma fair values of the intangible assets (including the goodwill and the Patents) of the Enlarged Group may be impaired at the date of preparation of this unaudited pro forma financial information.

In accordance with HKAS 36, CCT Tech Directors will assess at the end of each reporting period ending after the Completion Date to determine as to whether there is any indication that the intangible assets (including the goodwill and Patents) of the CCT Tech Enlarged Group may be impaired. If any such indication exists, CCT Tech Directors will estimate the recoverable amount of the intangible assets. An impairment loss is recognised only if the carrying amount of an intangible asset exceeds its recoverable amount. In the absence of unforeseen circumstances, CCT Tech Directors will adopt consistent accounting policies, principal assumptions and valuation methods as used in this unaudited pro forma financial information to assess the recoverable amount of the intangible assets.

The reporting accountants, who are also the auditors of the Company and CCT Tech, will examine the assessment of CCT Tech whether there is any indication that the intangible assets (including the goodwill and the Patents) of the CCT Tech Enlarged Group may be impaired, and if such indication exists, CCT Tech's auditors will examine the recoverable amount of the intangible assets estimated by CCT Tech in accordance with HKAS 36 during their audit on the CCT Tech's Group's financial statements for any financial period ending after the Completion Date.

If CCT Tech engages an expert in assessing the recoverable amount of the CCT Tech Enlarged Group's intangible assets, CCT Tech's auditors will evaluate the appropriateness of the work of the expert as audit evidence considering, including but not limited to, (i) the relevance and reasonableness of the expert's findings or conclusions, their consistency with other audit evidence, and whether they have been appropriately reflected in the CCT Tech Enlarged Group's financial statements; (ii) the relevance and reasonableness of the significant assumptions and methods used by the expert; and (iii) the relevance, completeness, and accuracy of the source data used by the expert in accordance with Hong Kong Standard on Auditing 500 (Clarified) "Audit Evidence", during their audit on the CCT Tech Enlarged Group's financial statements.

On Completion, the fair values of the cost of investment and the net identifiable assets of the Target Group to be acquired will have to be reassessed and accordingly, their fair values at the date of Completion will be different from those used in the preparation of the Unaudited Pro Forma Financial Information. Accordingly, the actual goodwill at the date of Completion may be different from that presented above.

(g) The adjustment represents the estimated fair value of the Patents as at 30 September 2010, which were transferred to the Target Company on 6 October 2010 by the Vendor, on the assumption that the Patents were transferred by the Vendor to the Target Company on 30 June 2010.

(h) The adjustment represents the estimated fair value of the Put Option as at 13 October 2010, on the assumption that Put Option was granted by the Vendor to the CCT Tech on 30 June 2010.

(i) The adjustment represents net cash outflow of the CCT Tech Group arising from the Transactions upon Completion, and is calculated as follows:

	HK$ million
Cash Outflow:	
InnoMed Cash Consideration	39
Expenses and legal and professional fees relating to the Transactions	3
	42

(j) The adjustment represents the net effect of the Transactions to the reserve account and non-controlling interest account of the CCT Telecom Group, and is calculated as follows:

HK$ million	**Reserves** Credit/(Debit)	**Non-controlling interest** Credit/(Debit)	**Total** Credit/(Debit)
Expenses, legal and professional fees relating to the Transactions (*note (1)*)	(3)	–	(3)
Amount of *note (1)* above attributable to the 49.51% of the non-controlling interest of CCT Tech Group	1	(1)	–
Amount of fair value of the 650,000,000 Redeemable CPS attributable to the non-controlling interest of CCT Tech Group	–	117	117
Amount of fair value of the 2,816,700,000 Redeemable CPS attributable to the non-controlling interest of CCT Tech Group	–	489	489
Elimination of the pre-acquisition net deficit of the Target Group	6	–	6
	4	605	609

(k) The adjustment represents the deferred tax liabilities of HK$156 million arising from the fair value of the Patents of HK$624 million at the applicable tax rate of 25% in the PRC.

(l) The adjustment represents the InnoMed Shareholder's Loan which will be assigned by the InnoMed Owner to the Target Company upon completion of the InnoMed Share Purchase Agreement.

(m) The adjustment represents the de-consolidation of the assets and liabilities of the CCT Tech Enlarged Group assuming that the Placing and the Transactions had taken place on 30 June 2010. The Placing will result in the shareholding of the Group in CCT Tech dropping below 50% and as a result, the consolidated assets and liabilities of CCT Tech Enlarged Group will be de-consolidated from the consolidated statement of financial position.

(n) The adjustment represents the reversal of accumulated depreciation and amortisation charges made on the factory complex owned by CCT Tech Group and leased by the CCT Tech Group to the Group up to 30 June 2010.

(o) The adjustment represents the recognition of the fair value of the Group's 42.12% shareholding interest in CCT Tech, as a result of the dilution of the Group's shareholdings in CCT Tech from above 50% to below 50%, arising from the Placing which will then result in the de-consolidation of the CCT Tech Group and reclassification of the Company's investment in CCT Tech as an interest in an associate. The estimated fair market value of the Group's shareholding interest in CCT Tech is based on the multiple of (i) the aggregate 33,026,391,124 CCT Tech Existing Shares held by Group as at the Latest Practicable Date; and (ii) HK$0.014 per CCT Tech Existing Share, representing the closing market price of CCT Tech Existing Share as quoted on the Stock Exchange on the Latest Practicable Date.

Since the share price of the CCT Tech at the date of Completion of the Transactions may be substantially different from their fair values used in preparing the Unaudited Pro Forma Financial Information, the fair value of the Group's shareholding interest in CCT Tech may be different from the amounts presented above.

(p) The adjustment represents the reversal of intercompany balances elimination between the CCT Tech Enlarged Group and the Remaining Group.

(q) The adjustment represents the change of the carrying amount of the Group's shareholding interest in CCT Tech Enlarged Group, as a result of the dilution of the Group's shareholdings in CCT Tech from 42.12% to 29.21%, arising from the Conversion. Assuming the Conversion had taken place on 30 June 2010, the estimated fair market value of the Group's 29.21% shareholding interest in CCT Tech which is calculated based on the multiple of (i) the aggregate 33,026,391,124 CCT Tech Existing Shares held by the Group as at the Latest Practicable Date; and (ii) HK$0.014 per CCT Tech Existing Share, representing the closing market price of CCT Tech Existing Share as quoted on the Stock Exchange on the Latest Practicable Date would be the same as the carrying amount of the Group's 42.12% shareholding interest in CCT Tech as shown in note (o) above. Therefore, no adjustment on the pro forma consolidated statement of financial position was made in respect of the Conversion.

Since the share price of the CCT Tech Existing Shares at the date of the Conversion may be different from their fair values used in preparing the Unaudited Pro Forma Financial Information, the fair value of the Group's shareholding interest in CCT Tech may be different from the amounts presented above. The changes in the carrying amount of the Group's shareholding interest in CCT Tech upon the Conversion will be recognised in the consolidated statement of financial position and consolidated income statement of the Group.

(2) Unaudited pro forma consolidated income statement

HK$ million	The Group for the year ended 31 December 2009	The Existing InnoMed Group for the year ended 31 December 2009	Shanghai Ying Sheng for the year ended 31 December 2009	Pro forma adjustments			Unaudited pro forma Enlarged Group immediately after the Transactions	Pro forma adjustments					Unaudited pro forma Remaining Group after the Placing but before any conversion of Redeemable CPS	Pro form adjustments	Unaudited pro forma Remaining Group after the full conversion of all the 3,466,700,000 Redeemable CPS
	Note (a)	*Note (b)*	*Note (c)*	*Note (d)*	*Note (e)*	*Note (f)*		*Notes (g)*	*Notes (h)*	*Notes (i)*	*Notes (j)*	*Notes (k)*		*Notes (l)*	
REVENUE	1,653	–	–	–	–	–	1,653	(1,446)	–	–	226	–	433	–	433
Cost of sales	(1,479)	–	–	–	–	–	(1,479)	1,330	–	9	(226)	–	(366)	–	(366)
Gross profit	174	–	–	–	–	–	174	(116)	–	9	–	–	67	–	67
Other income and gains	203	–	–	–	–	–	203	(23)	58	–	15	–	253	–	253
Selling and distribution costs	(29)	–	–	–	–	–	(29)	24	–	–	–	–	(5)	–	(5)
Administrative expenses	(217)	–	(2)	–	–	–	(219)	113	–	–	(15)	–	(121)	–	(121)
Other expenses	(19)	–	(1)	(21)	–	(3)	(44)	43	–	–	–	–	(1)	–	(1)
Finance costs	(7)	–	–	–	–	–	(7)	3	–	–	–	–	(4)	–	(4)
Share of loss of an associate	(54)	–	–	–	–	–	(54)	–	–	–	–	(17)	(71)	5	(66)
PROFIT/(LOSS) BEFORE TAX	51	–	(3)	(21)	–	(3)	24	44	58	9	–	(17)	118	5	123
Income tax expense	(18)	–	–	–	5	–	(13)	(3)	–	–	–	–	(16)	–	(16)
PROFIT/(LOSS) FOR THE YEAR	33	–	(3)	(21)	5	(3)	11	41	58	9	–	(17)	102	5	107
Profit/(loss) attributable to:															
Owners of the parent	42	–	(2)	(11)	3	(2)	30	22	58	9	–	(17)	102	5	107
Non-controlling interests	(9)	–	(1)	(10)	2	(1)	(19)	19	–	–	–	–	–	–	–
	33	–	(3)	(21)	5	(3)	11	41	58	9	–	(17)	102	5	107

Notes:

(a) The audited consolidated income statement of the Group for the year ended 31 December 2009 was extracted from the published annual report of the Group for the year ended 31 December 2009.

(b) The audited consolidated income statement of the Existing InnoMed Group for the year ended 31 December 2009 was extracted from the accountants' report of the Existing InnoMed Group, which is set out in Appendix IIB to the Circular.

(c) The audited income statement of Shanghai Ying Sheng for the year ended 31 December 2009 was extracted from the accountants' report of Shanghai Ying Sheng, which is set out in Appendix IIC to the Circular.

(d) The adjustment represents the amortisation charge of the Patents for the year ended 31 December 2009 on the assumptions that the Patents were transferred to the CCT Tech Enlarged Group on 1 January 2009 and that the estimated useful life of the Patents was 30 years, and on the basis that the Patents are stated at cost less any impairment losses and are amortised on the straight-line basis over the estimated useful life of 30 years starting from 1 January 2009. This unaudited pro forma adjustment will have continuing effect on the consolidated income statement of the Enlarged Group.

(e) The adjustment represents the release of the deferred tax liabilities of approximately HK$5 million per annum attributable to the annual amortisation charge of the Patents. This unaudited pro forma adjustment will have continuing effect on the consolidated income statement of the Enlarged Group.

(f) The adjustment represents the estimated amount of expenses, legal and professional fees relating to the Transactions. The Group adopted HKFRS 3 (Revised) in preparing the unaudited pro forma consolidated income statement for the year ended 31 December 2009, pursuant to which all transaction costs and expenses relating to the Transactions are expensed. As the costs and expenses relating to the Transactions are non-recurring in nature, this unaudited pro forma adjustment will not have continuing effect on the consolidated income statement of the Enlarged Group.

(g) The adjustment represents the de-consolidation of the results of the CCT Tech Enlarged Group for the year ended 31 December 2009 assuming that the Placing and the Transactions had taken place on 1 January 2009. The Placing will result in the shareholding of the Group in CCT Tech dropping below 50% and as a result, the results of the CCT Tech Enlarged Group will be de-consolidated from the consolidated income statement of the Remaining Group. This unaudited pro forma adjustment will not have continuing effect on the consolidated income statement of the Remaining Group.

(h) The adjustment represents the gain arising from the deemed disposal of the Group's shareholding interest in CCT Tech, from above 50% to below 50% as a result of the Placing. The Group adopted Hong Kong Accounting Standard 27 (Revised) "Consolidated and Separate Financial Statements" in determining the unaudited gain of approximately HK$58 million which is calculated based on the difference of (a) the amount of HK$462 million, representing the unaudited fair value of the Group's shareholding interest in CCT Tech as at Latest Practicable Date (which in turn is calculated based on the multiple of (i) the aggregate 33,026,391,124 CCT Tech Existing Shares held by the Group as at Latest Practicable Date and (ii) HK$0.014 per CCT Tech Existing Share, representing the closing market price of CCT Tech Existing Share as quoted on the Stock Exchange on the Latest Practicable Date; and (b) HK$371 million, representing the Group's share of the unaudited consolidated net asset value of the CCT Tech Group as at 1 January 2009 plus the carry value of the goodwill in the CCT Tech Group in the books of the Group.

Since the share price of the CCT Tech at the date of Completion of the Transactions may be substantially different from their fair values used in preparing the Unaudited Pro Forma Financial Information, the fair value of the Group's shareholding interest in CCT Tech may be different from the amounts presented above and hence the deemed disposal arising from the Placing may result in a gain or loss to the Remaining Group, which may be different from the amount calculated above.

This unaudited pro forma adjustment will not have continuing effect on the consolidated income statement of the Remaining Group.

(i) The adjustment represents the reversal of depreciation and amortisation charges on the factory complex owned by the CCT Tech Group and leased by it to the Group for the year ended 31 December 2009 as a result of the de-consolidation of the CCT Tech Enlarged Group from the Remaining Group. This unaudited pro forma adjustment will not have continuing effect on the consolidated income statement of the Remaining Group.

(j) The adjustment reflects the reversal of intercompany transactions elimination between the Remaining Group and the CCT Tech Enlarged Group for the year ended 31 December 2009. This unaudited pro forma adjustment will not have continuing effect on the consolidated income statement of the Remaining Group.

(k) The adjustment represents the share of loss on the CCT Tech Enlarged Group for the year ended 31 December 2009 and classified as share of loss in an associate, as if the Placing had completed on 1 January 2009. This unaudited pro forma adjustment will have continuing effect on the consolidated income statement of the Remaining Group.

(l) The adjustment represents the decrease in the share of loss on the CCT Tech Enlarged Group for the year ended 31 December 2009 as a result of the dilution of the Group's shareholding in CCT Tech from 42.12% to 29.21% assuming the Conversion had taken place on 1 January 2009. This unaudited pro forma adjustment will have continuing effect on the consolidated income statement of the Remaining Group.

(m) No adjustments have been made to reflect the effect of deemed disposal arising from the Conversion on the unaudited pro forma consolidated income statement as the estimated fair value of the Group's shareholding interest in CCT Tech remain unchanged upon the Conversion. Details were set out in note (q) of section (1) of this Appendix.

(n) No adjustments have been made to reflect any trading results or other transactions of the Remaining Group entered into subsequent to 31 December 2009.

(3) Unaudited pro forma consolidated statement of comprehensive income

HK$ million	The Group for the year ended 31 December 2009 *Note (a)*	The Existing InnoMed Group for the year ended 31 December 2009 *Note (b)*	Shanghai Ying Sheng for the year ended 31 December 2009 *Note (c)*	Pro forma adjustments *Note (d)*	*Note (e)*	*Note (f)*	Unaudited pro forma Enlarged Group immediately after the Transactions	Pro forma adjustments *Note (g)*	Unaudited pro forma Remaining Group after the Placing but before any conversion of Redeemable CPS	Pro forma adjustments *Note (h)*	Unaudited pro forma Remaining Group after the full conversion of all the 3,466,700,000 Redeemable CPS
PROFIT/(LOSS) FOR THE YEAR	33	–	(3)	(21)	5	(3)	11	91	102	5	107
Other comprehensive income, net of tax:											
Exchange differences on translation of foreign operations	(5)	–	–	–	–	–	(5)	–	(5)	–	(5)
Share of other comprehensive income of an associate	6	–	–	–	–	–	6	–	6	–	6
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	34	–	(3)	(21)	5	(3)	12	91	103	5	108
Total comprehensive income/(loss) attributable to:											
Owner of the parent	43	–	(2)	(11)	3	(2)	31	72	103	5	108
Non-controlling interests	(9)	–	(1)	(10)	2	(1)	(19)	19	–	–	–
	34	–	(3)	(21)	5	(3)	12	91	103	5	108

Notes:

(a) The audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009 was extracted from the published annual report of the Group for the year ended 31 December 2009.

(b) The audited consolidated statement of comprehensive income of the Existing InnoMed Group for the year ended 31 December 2009 extracted from the accountants' report of the Existing InnoMed Group, which is set out in Appendix IIC to the Circular.

(c) The audited statement of comprehensive income of Shanghai Ying Sheng for the year ended 31 December 2009 was extracted from the accountants' report for Shanghai Ying Sheng, which is set out in Appendix IIC to the Circular.

(d) The adjustment represents the amortisation charge of the Patents for the year ended 31 December 2009 on the assumptions that the Patents were transferred to the CCT Tech Enlarged Group on 1 January 2009 and that the estimated useful life of the Patents was 30 years, and on the basis that the Patents are stated at cost less any impairment losses and are amortised on the straight-line basis over the estimated useful life of 30 years starting from 1 January 2009. This unaudited pro forma adjustment will have continuing effect on the consolidated statement of comprehensive income of the Enlarged Group.

(e) The adjustment represents the release of the deferred tax liabilities of approximately HK$5 million per annum attributable to the amortisation charge of the Patents. This unaudited pro forma adjustment will have continuing effect on the consolidated statement of comprehensive income of the Enlarged Group.

(f) The adjustment represents the estimated amount of expenses, legal and professional fees relating to the Transactions. This unaudited pro forma adjustment will not have any continuing effect on the consolidated statement of comprehensive income of the Enlarged Group.

(g) The adjustments represent the de-consolidation of the results of the CCT Tech Enlarged Group for the year ended 31 December 2009 assuming that the Placing had taken place on 1 January 2009. The Placing will result in the shareholding of the Group in CCT Tech dropping below 50% and as a result, the results of CCT Tech Enlarged Group will be de-consolidated from the consolidated statement of comprehensive income of the Remaining Group. This unaudited pro forma adjustment will not have continuing effect on the consolidated comprehensive income of the Remaining Group. Further details of these adjustments were set out in the notes (g) to (k) in section (2) above headed "Unaudited pro forma consolidated income statement".

(h) The adjustment represents the decrease in the share of loss on the CCT Tech Enlarged Group for the year ended 31 December 2009 as a result of the dilution of the Group's shareholding in CCT Tech from 42.12% to 29.21% assuming the Conversion had completed on 1 January 2009. This unaudited pro forma adjustment will have contining effect on the consolidated comprehensive income of the Remaining Group.

(i) No adjustments have been made to reflect the effect of deemed disposal arising from the Conversion on the unaudited pro forma consolidated statement of comprehensive income due to the estimated fair value of the Group's shareholding interest in CCT Tech remain unchanged upon the Conversion. Details were set out in note (q) of section (1) of this Appendix.

(j) No adjustments have been made to reflect any trading results or other transactions of the Remaining Group entered into subsequent to 31 December 2009.

(4) Unaudited pro forma consolidated statement of cash flows

HK$ million	The Group for the year ended 31 December 2009	The Existing InnoMed Group for the year ended 31 December 2009	Shanghai Ying Sheng for the year ended 31 December 2009	Pro forma adjustments	Notes	Unaudited pro forma Enlarged Group immediately after the Transactions	Pro forma adjustments	Notes	Unaudited pro forma Remaining Group after the Placing but before any conversion of Redeemable CPS	Pro forma adjustments	Note	Unaudited pro forma Remaining Group after the full conversion of all the 3,466,700,000 Redeemable CPS
	Note (a)	*Note (b)*	*Note (c)*									
CASH FLOWS FROM OPERATING ACTIVITIES												
Profit/(loss) before tax	51	–	(3)	(24)	*(d),(e)*	24	94	*(h)*	118	5		123
Adjustments for:												
Finance costs	7	–	–	–		7	(3)	*(h)*	4	–		4
Share of loss of associates	54	–	–	–		54	17	*(i)*	71	(5)	*(m)*	66
Interest income	(1)	–	–	–		(1)	–		(1)	–		(1)
Depreciation	93	–	–	–		93	(71)	*(h),(j)*	22	–		22
Amortisation on Patents	–	–	–	21	*(e)*	21	(21)	*(h)*	–	–		–
Gain on deemed disposal of subsidiaries	–	–	–	–		–	(58)	*(k)*	(58)	–		(58)
Equity-settled share options expenses	2	–	–	–		2	(2)	*(h)*	–	–		–
Amortisation of prepaid land lease payments	5	–	–	–		5	(2)	*(h),(j)*	3	–		3
Net impairment of trade receivables	13	–	–	–		13	(13)	*(h)*	–	–		–
Write-off and impairment of items of property, plant and equipment	6	–	–	–		6	(5)	*(h)*	1	–		1
Fair value gain on investment properties	(56)	–	–	–		(56)	–		(56)	–		(56)
Fair value gain on investment property classified as held for sale	(33)	–	–	–		(33)	–		(33)	–		(33)
Write back of provision for slow-moving and obsolete inventories	(9)	–	–	–		(9)	9	*(h)*	–	–		–
Fair value gain on financial assets at fair value through profit or loss	(53)	–	–	–		(53)	–		(53)	–		(53)
Fair value gain on derivative financial instrument	(34)	–	–	–		(34)	–		(34)	–		(34)
	45	–	(3)	(3)		39	(55)		(16)	–		(16)
Decrease/(increase) in inventories	46	–	–	–		46	(47)	*(h)*	(1)	–		(1)
Decrease/(increase) in trade receivables	8	–	–	–		8	(37)	*(h)*	(29)	–		(29)
Decrease in property for development	113	–	–	–		113	–		113	–		113
Increase in property under development	(129)	–	–	–		(129)	–		(129)	–		(129)
(Increase)/decrease in prepayments, deposits and other receivables	(149)	(4)	2	3	*(f)*	(148)	12	*(h)*	(136)	–		(136)
(Decrease)/increase in trade and bills payables and other payables and accruals and amount due to a shareholder	(151)	7	3	(3)	*(f)*	(144)	215	*(h)*	71	–		71

HK$ million	The Group for the year ended 31 December 2009 *Note (a)*	The Existing InnoMed Group for the year ended 31 December 2009 *Note (b)*	Shanghai Ying Sheng for the year ended 31 December 2009 *Note (c)*	Pro forma adjustments	Notes	Unaudited pro forma Enlarged Group immediately after the Transactions	Pro forma adjustments	Notes	Unaudited pro forma Remaining Group after the Placing but before any conversion of Redeemable CPS	Pro forma adjustments	Note	Unaudited pro forma Remaining Group after the full conversion of all the 3,466,700,000 Redeemable CPS
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash (used in)/from operations	(217)	3	2	(3)		(215)	88		(127)	–		(127)
Interest received	1	–	–	–		1	–		1	–		1
Interest paid	(7)	–	–	–		(7)	3	*(h)*	(4)	–		(4)
Hong Kong profits tax paid	(2)	–	–	–		(2)	2	*(h)*	–	–		–
PRC tax paid	(2)	–	–	–		(2)	2	*(h)*	–	–		–
Net cash flows (used in)/from operating activities	(227)	3	2	(3)		(225)	95		(130)	–		(130)
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchases of items of property, plant and equipment	(13)	–	(2)	–		(15)	13	*(h)*	(2)	–		(2)
Proceeds from disposal of items of property, plant and equipment	4	–	–	–		4	–		4	–		4
Net proceeds from disposal of financial assets at fair value through profit or loss	244	–	–	–		244	–		244	–		244
Decrease in derivative financial instrument	(9)	–	–	–		(9)	–		(9)	–		(9)
Payment for InnoMed Cash Consideration	–	–	–	(39)	*(g)*	(39)	39	*(h)*	–	–		–
Decrease in pledged time deposits	24	–	–	–		24	(24)	*(h)*	–	–		–
Net cash flows from/(used in) investing activities	250	–	(2)	(39)		209	28		237	–		237
CASH FLOWS FROM FINANCING ACTIVITIES												
New banks loan	104	–	–	–		104	(104)	*(h)*	–	–		–
Repayment of trust receipts loans, net	(42)	–	–	–		(42)	42	*(h)*	–	–		–
Repayment of bank loans	(106)	–	–	–		(106)	84	*(h)*	(22)	–		(22)
Capital element of finance lease rental payments	(3)	–	–	–		(3)	–		(3)	–		(3)
Repurchase of shares	(151)	–	–	–		(151)	–		(151)	–		(151)
Dividends paid	(40)	–	–	–		(40)	–		(40)	–		(40)
Net cash flows (used in)/from financing activities	(238)	–	–	–		(238)	22		(216)	–		(216)

HK$ million	The Group for the year ended 31 December 2009	The Existing InnoMed Group for the year ended 31 December 2009	Shanghai Ying Sheng for the year ended 31 December 2009	Pro forma adjustments	Notes	Unaudited pro forma Enlarged Group immediately after the Transactions	Pro forma adjustments	Notes	Unaudited pro forma Remaining Group after the Placing but before any conversion of Redeemable CPS	Pro forma adjustments	Note	Unaudited pro forma Remaining Group after the full conversion of all the 3,466,700,000 Redeemable CPS
	Note (a)	*Note (b)*	*Note (c)*									
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(215)	3	–	(42)		(254)	145		(109)	–		(109)
Cash and cash equivalents at 1 January 2009	786	1	–	–		787	(456)	*(l)*	331	–		331
Effect of foreign exchange rate changes, net	(5)	–	–	–		(5)	–		(5)	–		(5)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2009	566	4	–	(42)		528	(311)		217	–		217
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS												
Cash and bank balances	477	4	–	(42)		439	(228)		211	–		211
Non-pledged time deposits with original maturity of less than three months when acquired	89	–	–	–		89	(83)		6	–		6
	566	4	–	(42)		528	(311)		217	–		217

Notes:

(a) The audited consolidated statement of cash flows of the Group for the year ended 31 December 2009 was extracted from the published annual report of the Group for the year ended 31 December 2009.

(b) The audited consolidated statement of cash flows of the Existing InnoMed Group for the year ended 31 December 2009 was extracted from the accountants' report of the Existing InnoMed Group, which is set out in Appendix IIB to the Circular.

(c) The audited statement of cash flows of Shanghai Ying Sheng for the year ended 31 December 2009 was extracted from the accountants' report of Shanghai Ying Sheng, which is set out in Appendix IIC to the Circular.

(d) The adjustment represents the cash outflow for the payment of expenses, legal and professional fees of HK$3 million relating to the Transactions. The unaudited pro forma adjustment will not have continuing effect on the consolidated statement of cash flows of the Enlarged Group.

(e) The adjustment represents the amortisation charge of the Patents of HK$21 million for the year ended 31 December 2009 on the assumptions that the Patents were transferred to the CCT Tech Enlarged Group on 1 January 2009 and that the estimated useful life of the Patents was 30 years, and on the basis that the Patents are stated at cost less any impairment losses and are amortised on the straight-line basis over the estimated useful life of 30 years starting 1 January 2009. The unaudited pro forma adjustment will have continuing effect on the consolidated statement of cash flows of the Enlarged Group.

(f) The adjustment represents the intercompany elimination between the Existing InnoMed Group and Shanghai Ying Sheng. The unaudited pro forma adjustment will have continuing effect on the cash flows of the Enlarged Group.

(g) The adjustment represents the payment of the InnoMed Cash Consideration of US$5 million (equivalent to HK$39 million) pursuant to the S&P Agreement. The unaudited pro forma adjustment will not have continuing effect on the consolidated statement of cash flows of the Enlarged Group.

(h) The adjustment represents the de-consolidation of the cash flows of the CCT Tech Enlarged Group assuming that the Placing had taken place on 1 January 2009. The Placing will result in the shareholding of Group in CCT Tech dropping below 50% and as a result, the consolidated cash flows of the CCT Tech Enlarged Group will be de-consolidated from the consolidated statement of cash flows of the Remaining Group. This unaudited pro forma adjustment will not have continuing effect on consolidated statement of cash flows of the Remaining Group.

(i) The adjustment represents the share of loss of the CCT Tech Enlarged Group of HK$17 million for the year ended 31 December 2009, classified as share of loss in an associates, due to the de-consolidation of the CCT Tech Enlarged Group, as if the Placing had completed on 1 January 2009. This unaudited pro forma adjustment will have continuing effect on the consolidated statement of cash flows of the Remaining Group.

(j) The adjustment represents the reversal of the depreciation and amortisation charges on the factory complex owned by the CCT Tech Group and leased by it to the Remaining Group for the year ended 31 December 2009, as a result of the de-consolidation of the CCT Tech Enlarged Group. This unaudited pro forma adjustment will not have any continuing effect on the consolidated statement of cash flows of the Remaining Group.

(k) The adjustment represents the estimated gain on the deemed disposal of the CCT Tech Group, details of which are set out in note (h) of section (2) of this appendix. This unaudited pro forma adjustment will not have continuing effect on the consolidated statement of cash flows of the Remaining Group.

(l) The adjustment to consolidated cash and cash equivalents at 1 January 2009 reflects the de-consolidation of the cash and cash equivalents of the CCT Tech Enlarged Group in the amount of HK$456 million as at 1 January 2009. This unaudited pro forma adjustment will not have continuing effect on the consolidated statement of cash flows of the Remaining Group.

(m) The adjustment represents the decrease in the share of loss on the CCT Tech Enlarged Group for the year ended 31 December 2009 as a result of the dilution of the Group's shareholding in CCT Tech from 42.12% to 29.21% assuming the Conversion had completed on 1 January 2009. This unaudited pro forma adjustment will have continuing effect on the consolidated statement of cash flows of the Remaining Group.

(n) No adjustments have been made to reflect any trading results or other transactions of the Remaining Group entered into subsequent to 31 December 2009.

The following is the text of the valuation report prepared by Roma Appraisals Limited for the purpose of incorporation in this circular, in respect of the valuation of the Target Group. The valuation report have been prepared in compliance with the International Valuation Standards.

30 November 2010



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The Board of Directors
CCT Tech International Limited & CCT Telecom Holdings Limited
2208, 22/F., St. George's Building
2 Ice House Street, Central
Hong Kong

Dear Sirs,

Re: Business Valuation of the 100% Equity Interest in MIV Scientific Holdings Limited, InnoMed Scientific Incorporation Limited, InnoMed Scientific Incorporation (Shanghai) Limited and Shanghai InnoMed Technologies Incorporation Limited

In accordance with the instructions from CCT Tech International Limited and CCT Telecom Holdings Limited (hereinafter collectively referred to as the "Clients") to us to conduct a business valuation on the 100% equity interest in MIV Scientific Holdings Limited, InnoMed Scientific Incorporation Limited, InnoMed Scientific Incorporation (Shanghai) Limited and Shanghai InnoMed Technologies Incorporation Limited (the latter four companies hereinafter collectively referred to as the "Target Group"), we are pleased to report that we have made relevant enquiries and obtained other information which we consider are relevant for the purpose of providing our opinion of the market value of the Target Group as at 30 September 2010 (hereinafter referred to as the "Date of Valuation").

This report states the purpose and basis of valuation, scope of work, economic and industry overview, an overview of the Target Group, major assumptions, valuation methodology, limiting conditions, and presents our opinion of value. This report has been prepared in accordance with the guidelines set by the International Valuation Standards published by the International Valuation Standards Committee.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Clients. The Clients are both public companies listed on the main board of the Hong Kong Stock Exchange. In addition, Roma Appraisals Limited (hereinafter referred to as "Roma Appraisals") acknowledges that this report may be made available for public documentation purpose and included in the clients' circulars only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Clients in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Target Group, and/or its representative (together referred to as the "Management").

In preparing this report, we have had discussions with the Management in relation to the development and prospect of the pharmaceutical industry in the People's Republic of China ("PRC"), and the development, operations and other relevant information of the Target Group. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Target Group provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

3. ECONOMIC AND INDUSTRY OVERVIEW

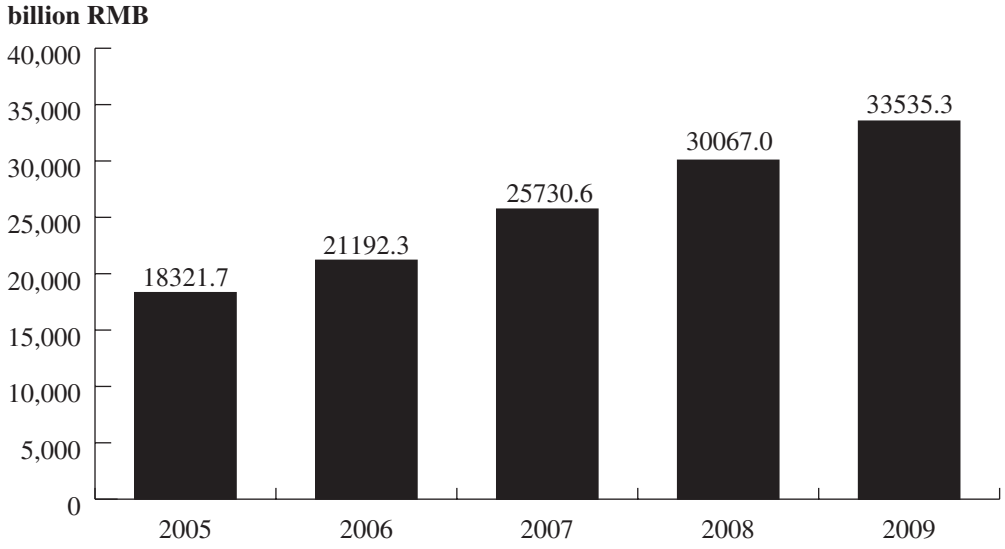
3.1 Overview of the Economy in the PRC

According to the National Bureau of Statistics of China, the Gross Domestic Product ("GDP") for the first two quarters of 2010 was RMB17,284.0 billion, an 11.1% increase over the same period last year. The PRC is the third largest economy in the world in terms of nominal GDP measured by International Monetary Fund in 2009. Despite global financial crisis, the Chinese economy continues to be supported by the government through spending in infrastructure and real estates.

Throughout 2009, the global economic downturn reduced foreign demand for Chinese exports for the first time in many years. The government vowed to continue reforming the economy and emphasized the need to increase domestic consumption in order to make the PRC less dependent on foreign exports for the GDP growth in the future.

Over the past decade from 1999 to 2009, the PRC's growth in real GDP had achieved a compound annual growth rate of 14.15% on average, increased from approximately RMB8,967.7 billion in 1999 to approximately RMB33,535.3 billion in 2009. The nominal GDP of 2009 has an 11.5% growth over the previous year. Figure 1 further illustrates the GDP from 2005 to 2009 in the PRC.

Figure 1 – The PRC's Gross Domestic Product ("GDP") 2005 – 2009



Source: National Bureau of Statistics of China

3.2 Overview of Global Pharmaceutical Industry

The United States of America, Europe and Japan are the leaders in the global pharmaceutical industry. According to an analysis conducted by Zero Power Intelligence Co. Ltd., an independent third party ("ZPI Report"), in the year of 2008, the above three countries have reached a total market share of almost 78% globally. In the year of 2008, the global medical device market earned a total output value of more than USD200 billion.

According to the ZPI Report, global pharmaceutical industry has a sustained average annual growth rate of 8% since the early 80s in the twentieth century. The growth rate of pharmaceutical industry in most countries is higher than that of their own GDP. As a result, pharmaceutical industry is one of the most competitive fields in research and development.

In most developed countries, the pharmaceutical market has an inelastic demand, hence influences from the economic crisis is slighter and can still maintain a high growth rate.

In the health care systems of the major countries in Europe, the government bears the health care expenses as well as the pharmaceutical expenses. When there is an increase in other health care expenses and medical insurance, to ensure that there is no deficit, the countries' pharmaceutical expenditures will be compressed. Consequently, there has been a lower growth rate in pharmaceutical industry in the European countries.

In Japan, it is facing more serious aging problems than other developed countries. Mandatory price cut on the pharmaceutical products in Japan leads to a decline in the market share of Japan's industries globally.

With the active pharmaceutical industrial policy implemented by both the PRC and India, they have become the worldwide pharmaceutical products processing centres. According to the pharmaceutical market research firm, IMS Health, the PRC could become the world's third-largest prescription drug market by 2011.

3.3 Overview of Pharmaceutical Industry in the PRC

After the reorganization in the year of 2006, the pharmaceutical industry in the PRC continues to boom constantly. According to the ZPI Report, the number of enterprises in the pharmaceutical industry accounted for loss decreased from nearly 30% in 2006 down to 17% in 2010. Up to the month of May in 2010, the pharmaceutical industry sales and profits increased by 27.8% and 39.0% respectively, the growth rate was faster than the PRC's GDP. For the pharmaceutical industry, due to rigid medical needs benefiting from aging population, urbanization, new medical reform and other favorable factors, it would remain a steady and rapid growth for the next 10 years.

Meanwhile, there are a large amount of pharmaceutical companies in the PRC and the industry concentration is low. With the advance medical reformation, the industry is expected to increase the concentration in the future, which brings opportunity to significant listed companies to increase the market shares.

Up to the year 2010, there are up to 4,700 domestic pharmaceutical enterprises, small and medium scale enterprises account for about 70%, that is, more than 3,200. Among them, the best annual sales was accounted for approximately RMB100 million, while nearly 70% of SMEs had annual sales with around RMB50 million, net profit was about RMB10 million to RMB20 million.

3.3.1 Overview of Medical Device Industry in the PRC

The three countries in Far East, the PRC, Japan and India are the "Far East industrial economic power" in the eyes of Western economists. The three countries account for around 70% of total market sales in Asian market, other Asian countries and regions have remaining 30% of total sales share.

Despite from other markets, the medical device market is one of the markets which have less affection from the world economic crisis, as a result of a slighter impact to the industry, the market still conducts a growth rate of over 10%.

The PRC is the world's largest manufacturer in medical devices. It is also one of the world's top ten emerging medical device markets. According to statistics collected by China's Electromechanical Data Online (中國機電資料網http://www.86mdo.com) and China-consulting.cn (中國行業諮詢網http://www.china-consulting.cn), the total industry output value of the PRC's medical device industry was about RMB61 billion in the year 2007, RMB73 billion in the year 2008 and over RMB90 billion in the year 2009.

With the accelerated economic development, upgrade drive demand for medical services, the PRC government gradually opens up the medical service market, as a result the domestic and foreign capital investment in the PRC speed up the rate of medical services industry, which directly led to increased demand for medical equipment market.

In developed countries, medical equipment industry and pharmaceutical industry roughly have the same value. In the PRC, the previous latter value was only one-fifth. This proportion of serious disorders indicates that the medical device industry in the PRC has huge room for development.

According to the ZPI Report, in the next three years, the PRC's rural health services will leaps, thanks to the government's investments, which are more than RMB20 billion, on supporting rural health service system in 2010. The investments are mainly used to support

the poor central and western regions, and eastern areas in primary health care institutions. Basic hospital equipment standards and related policies will also be launched soon.

The country will initially establish a basic framework for health system efforts to alleviate the urban and rural areas and setting urban and rural residents basic medical health system in the future. To this end, the government will need to increase RMB10 billion of investments. It is foreseeable that there will be a continuous expansion of the medical device market and demand for medical device product.

3.3.2 Factors Driving the Growth in Worldwide Healthcare Industry

Cardiovascular disease remains to be the world most serious illness, hence cardiovascular drugs naturally become the world's number one pharmaceutical drugs on the market categories. Therefore, the world's major pharmaceutical companies' R&D departments are mainly focusing on developments in cardiovascular drugs.

Cardiovascular disease is the world's highest rank human death caused disease. World Health Organization estimated that there are 17.5 million people died of cardiovascular disease and stroke every year, one third of all death reasons. In 2030, this figure will rise to 24.2 million, thus 32.5% of deaths caused by cardiovascular disease.

According to the ZPI Report, there are nearly 3 million people died of cardiovascular disease in the PRC each year. Billions of people are suffering from various types of cardiovascular disease symptoms. Hence, there is a large consumer group of cardiovascular drugs in the PRC.

Macroeconomic and demographic trends are also driving the growth in the PRC's healthcare industry. The rapid economic growth has improved significantly the standard of living in the PRC, and households in both urban and rural areas of the PRC have been spending an increasing proportion of their household expenditure on healthcare and medical services. In addition, the rise in the living standard has led to changes in lifestyle in the PRC, resulting in over-nutrition, less healthy diets, smoking habit and obesity. Furthermore, the large and aging population in the PRC will increase the demand for medical devices used in treating cardiovascular disease.

3.3.3 Ongoing Healthcare Reform in the PRC

In January 2009, the Chinese government approved in principle a healthcare reform plan to address the affordability of health care services, rural healthcare system and healthcare service quality in the PRC. In March 2009, the government published a healthcare reform plan for 2009 to 2011, which calls for, among other things, additional government spending on healthcare of RMB850 billion for 2009 to 2011 to improve accessibility and affordability of healthcare. The healthcare reform was designed to develop the healthcare infrastructure, expand basic medical insurance programs, establish a national essential drug system to meet basic needs for treatment and prevention of diseases, and improve basic public health services.

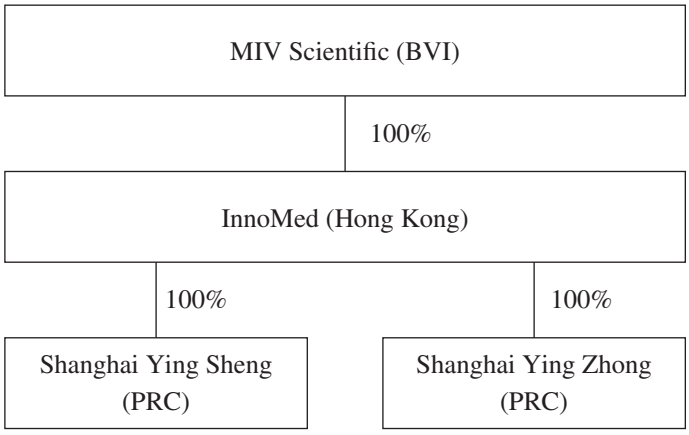
Medical device manufacturers are one of the beneficiaries of the healthcare reform initiative. The major portion of the government spending will be spent on developing the basic healthcare services. As a result, a large number of additional county hospitals and township hospitals will be built in towns and rural areas. Meanwhile, the number of the highest tier and second tier of hospitals in the PRC will increase. Coupled with the expansion of healthcare insurance programs, it is expected that the massive development of healthcare infrastructure across the PRC will boost patents' accessibility and affordability of medical care.

4. THE TARGET GROUP

The Target Group consists of MIV Scientific Holdings Limited (hereinafter referred to as the "MIV Scientific"), InnoMed Scientific Incorporation Limited (hereinafter referred to as the "InnoMed"), InnoMed Scientific Incorporation (Shanghai) Limited (hereinafter referred to as the "Shanghai Ying Zhong") and Shanghai InnoMed Technologies Incorporation Limited (hereinafter referred to as the "Shanghai Ying Sheng").

MIV Scientific is a company incorporated in the British Virgin Islands ("BVI") with limited liability. MIV Scientific entered into the share purchase agreement and a supplemental agreement dated 12 October 2010 and 19 October 2010 (hereinafter referred to as the "InnoMed Share Purchase Agreement"), with InnoMed to purchase the entire issued capital of InnoMed, which in turn owns 100% equity interest in Shanghai Ying Zhong. On 11 October 2010, InnoMed entered into the equity transfer agreement (hereinafter referred to as the "Shanghai Ying Sheng Equity Transfer Agreement") with Mr. Tiefeng Hu to purchase all the equity interest in Shanghai Ying Sheng. Upon completion of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement, MIV Scientific will beneficially own 100% of the total issued capital of InnoMed, which in turn owns or will own the entire equity interest in Shanghai Ying Zhong and Shanghai Ying Sheng. The Shanghai Ying Sheng Equity Transfer Agreement will be completed before completion of the proposed acquisition of the sales share in MIV Scientific by the Clients and the proposed subscription of the new shares in MIV Scientific (hereinafter referred to as the "Completion"). The InnoMed Share Purchase Agreement will be completed simultaneously with the Completion. Figure 2 shows the structure of the Target Group before the Completion, but after the completion of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement.

Figure 2 – Structure of the Target Group Before the Completion But After the Completion of the InnoMed Share Purchase Agreement and the Shanghai Ying Sheng Equity Transfer Agreement



5. BASIS OF VALUATION

Our valuation is based on going concern premise and conducted on a market value basis. **Market value** is defined as "the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction".

6. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Target Group. In addition, we have made relevant inquiries and obtained further information and statistical figures regarding the economy of the PRC as we considered necessary for the purpose of the valuation.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Target Group provided to us by the Management and had considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information.

The valuation of the Target Group requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Target Group;
- The financial condition of the Target Group;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements;
- The business risk of the Target Group such as the ability in maintaining competent technical and professional personnel; and
- Investment returns and market transactions of entities engaged in similar lines of business.

7. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Target Group, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

7.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

7.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

7.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("equity and long term debt"). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity ("equity") and investors who lend money to the business entity ("debt"). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

7.4 Business Valuation

In the process of valuing the market value of the Target Group, we have taken into account of the uniqueness of its nature and the relevant industry. The Income-Based Approach was not adopted in this case because there is insufficient historical financial information of the Target Group. The Asset-Based Approach was also not adopted because it could not reflect the future potential growth of the Target Group. We have therefore considered the adoption of Market-Based Approach in arriving at the market value of the Target Group.

Under the Market-Based Approach, we have to determine the appropriate value multiples of similar companies, in which we have considered price-to-sales, price-to-earnings and price-to-book value. In this valuation, we have adopted the price-to-sales multiple and we considered it as the most appropriate method to value the Target Group.

We have selected six listed comparable companies of which their operating businesses were in pharmaceutical industry. The price-to-sales multiples of the comparable companies were extracted from Bloomberg as at the Date of Valuation and the details are listed as follows:

Company Name	Stock Code	Listing Location	Principal Business	Price-to-Sales Multiple
Jiangsu Yuyue Medical Equipment Co. Ltd.	002223.CH	The PRC	Develops, manufactures and distributes medical equipments.	18.93
Shanghai Kehua Bio-Engineering Co., Ltd.	002022.CH	The PRC	Develops and manufactures bio-chemicalreagents, medical equipment, diagnostic reagents, and genetic engineering pharmaceuticals.	12.07
Guangzhou Improve Medical Instrument Co., Ltd	300030.CH	The PRC	Researches, develops, and manufactures medical instruments. The company's products include evacuated blood collection system, microbe specimen collection and transport, clinical testing reagent, equipment for clinical specimen testing & processing, etc.	9.39
Beijing Wandong Medical Equipment Co., Ltd.	600055.CH	The PRC	Develops and manufactures medical instruments. The company's products include X-ray machines, dental equipment, and other related products.	5.28

Company Name	Stock Code	Listing Location	Principal Business	Price-to-Sales Multiple
Biosensors International Group Ltd.	BIG.SP	Singapore	Manufactures medical devices. The company produces drug-eluting stents used to widen narrowing arteries, critical care catheter systems and blood pressure transducers.	6.38
Lombard Medical Technologies PLC	LMT.LN	The United Kingdom	Manufactures cardiovascular devices. The company produces stent grafts for abdominal aortic aneurysm disease and repositionable clips for surgical fixation and develops polymers used to coat stents with timed release drugs.	4.44
			Average:	**9.41**

The price-to-sales multiple adopted was the average of price-to-sales multiples of all the comparable companies listed above. Also, we have estimated the annual sales generated by the Target Group, which is determined in accordance with Client's accounting policy, based on the financial information provided by the Management. Price-to-sales multiple is an acceptable basis for valuation of pharmaceutical or medical device manufacturer. Price-to-earnings ratios were not adopted because earnings would depend on various other controllable and uncontrollable factors including operating expenditure, tax, inflation and would therefore require further assumptions comparing to the estimated sales figures. Price-to-book multiple is not considered appropriate as a medical device manufacturer, unlike a bank or a property company, is not capital intensive. As such, price-to-sales multiple is considered to be the appropriate method in valuation of the Target Group. Then we applied the average price-to-sales to the estimated annual sales figure of the Target Group in 2013. The estimated annual sales as at 31 December 2013, which will be RMB285,219,082, was adopted because the Target Group is still at an early stage and the growth of its business operation will be stable starting from 2013, according to the business plan of the Target Group. This future amount was discounted by an appropriate discount rate to present terms as at Date of Valuation.

7.4.1 Discount Rate

In calculating the discount rate, we first obtained the weighted average cost of equity ("WACC") of the Target Group, which was calculated by the formula below:

$$WACC = W_e \times R_e + W_d \times R_d \times (1 - T_c)$$

In which
R_e = Cost of equity;
R_d = Cost of debt;
W_e = Weight of equity value to enterprise value;
W_d = Weight of debt value to enterprise value; and
T_c = Corporate tax rate.

The cost of equity was calculated by using the following formula:

$R_e = R_f + \beta$ x Market Risk Premium + Other Risk Premium

In which
R_e = Cost of equity;
R_f = Risk-free rate; and
β = Beta coefficient.

We arrived at 21.18% of cost of equity by adopting 3.33% as the risk-free rate, 11.22% as the market risk premium and a beta estimate of 0.79, and other risk premium of 8.99%. In addition, we have adopted 5.94% as the cost of debt and 11.12% as debt-to-equity ratio. Hence, we concluded a discount rate of 19.50% in valuing the Target Group as at the Date of Valuation.

7.4.2 Marketability Discount

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. Hence, a 30.80% marketability discount has been considered in arriving at our opinion of value of the Target Group.

8. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;

- There will be sufficient supply of technical staff in the industry in which the Target Group operates, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group;

- Interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing;

- The estimated price of the next generation drug eluting stent (hereinafter referred to as the "Product") is determined based on comparable price of stents available in the Market; and

- The estimated annual sales figure for the Target Group in 2013 was arrived at based on the following major assumptions:

- The Target Group will obtain the CE Marking for the Product by the end of 2011 and will start production and international sale of the Product with effect from 2010 to those countries which accept the CE Marketing certificate, including the European Union.

- The Target Group will obtain the State Food and Drug Administration of the PRC (hereinafter referred to as the "SFDA") approval for the Product at the end of 2012 and the Product will be launched in the PRC market in 2013.

- The coronary stent market in the PRC is estimated to grow at the annual compound rate of 30% for the next three years and will reach approximately 900,000 stents in 2013. It is estimated that the Target Group will sell about 30,000 units of the Product in the PRC in 2013. Given the Product is the next generation of coronary stent and is developed based on more advanced technology, the first year sale estimate of 30,000 units is considered to be fair and reasonable.

- The Target Group will manufacture and sell other medical device products such as coronary and peripheral vascular dilatation balloon and catheter in the PRC after obtaining the SFDA approval, which is expected to be granted in 2011.

We are of the opinion those assumptions are fair and reasonable.

9. INFORMATION REVIEWED

Our estimate requires consideration of relevant factors affecting the market value of the Target Group. The factors considered included, but were not necessarily limited to, the following:

- Historical information of the Target Group;

- Market trends of the pharmaceutical industry and other dependent industries;

- General descriptions in relation to the Target Group; and

- Economic outlook in the PRC.

We have discussed the details and reviewed the basis with the Management. The Management had confirmed with us that they have made the financial estimation of the Target Group after due and careful enquiry based on market and economic data from the industry and publicly available sources of information. We have also conducted research from various sources to verify the reasonableness and fairness of information provided and we believe that such information is reasonable and reliable. We had assumed the accuracy of information provided and relied to a considerable extent on such information in arriving at our estimate.

10. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as company background, business nature and market share of the Target Group provided to us.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on the historical and/or prospective information provided by the Management and other third parties in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assume that the Management is competent and perform duties under the company regulation. Also, ownership of the Target Group was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Target Group.

We have not investigated the title to or any legal liabilities of the Target Group and have assumed no responsibility for the title to the Target Group appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required.

11. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

We hereby confirm that we have neither present nor prospective interests in the Clients and the associated companies, the Target Group or the values reported herein.

12. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of the Target Group as at the Date of Valuation, in our opinion, is reasonably estimated as ***RMB1,041,000,000 (RENMINBI ONE BILLION AND FORTY ONE MILLION ONLY).***

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Kelvin Luk	**Kwan Hoi Cheung**
MIBA	*CFA*
Director	*Director*

Note:

Mr. Luk is a member of the Institute of Business Appraisers. He has over 5 years of experience in valuation and consultation related to similar assets or companies engaged in similar business activities worldwide as that of the Target Group.

Mr. Kwan is a member of the CFA Institute. He has over 10 years of experience in valuation of similar assets or companies engaged in similar business activities as that of the Target Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company as at 31 December 2009 (being the date of the latest published audited accounts of the Company) and as at the Latest Practicable Date were as follows:

Authorised:

	Number of the Shares	**Nominal value** *HK$*
As at 31 December 2009 and as at the Latest Practicable Date		
– Shares of par value of HK$0.10 each	2,000,000,000	200,000,000.00

Issued and fully paid:

	Number of the Shares	**Nominal value** *HK$*
Shares in issue as at 31 December 2009 and as at the Latest Practicable Date	606,144,907	60,614,490.70

All existing Shares rank equally in all respects, including capital, dividends and voting rights. The Shares in issue are listed on the Stock Exchange. As at the Latest Practicable Date, the Company has no share options outstanding under the share option scheme adopted by the Company on 28 February 2002, warrants, conversion rights or other similar rights giving rights to subscribe for the Shares.

Save as disclosed above, since 31 December 2009 (being the date of the latest published audited accounts of the Company), no Shares or loan capital of the Company has been issued or is proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms has been granted in connection with the issue or sale of any such capital.

3. SHARE CAPITAL OF CCT TECH

The authorised and issued share capital of CCT Tech as at 31 December 2009 (being the date of the latest published audited accounts of CCT Tech), the Latest Practicable Date, immediately after the Capital Reorganisation becoming effective, after the Placing, the Completion and the allotment and issue of all the Redeemable CPS to the InnoMed Owner and the Vendor (assuming that the Placing is undertaken after the Capital Reorganisation becoming effective with the maximum number of the Placing Shares having been allotted and issued and assuming that there will be no change of the shareholding structure between the Latest Practicable Date and the date when all the Redeemable CPS are alloted and issued to the InnoMed Owner and the Vendor except for the Placing of the Placing Shares) but before any conversion of the Redeemable CPS, and immediately after the issue of the Conversion Shares upon full conversion of the Redeemable CPS into the Conversion Shares at the Conversion Ratio, were and will be as follows:

Authorised:

	Number of shares	**Nominal value** *HK$*
As at 31 December 2009 and as at the Latest Practicable Date:		
– shares of CCT Tech of par value of HK$0.01 each	120,000,000,000	1,200,000,000.00
Immediately after the Capital Reorganisation becoming effective:		
– CCT Tech Ordinary Shares of par value of HK$0.01 each	26,533,300,000	265,333,000.00
– Redeemable CPS of par value of HK$0.01 each	3,466,700,000	34,667,000.00
Total authorised capital	30,000,000,000	300,000,000.00

Issued and fully paid and to be issued and fully paid or credited as fully paid:

	Number of shares	Nominal value *HK$*
As at 31 December 2009 and as at the Latest Practicable Date:		
– shares of CCT Tech in issue of par value of HK$0.01 each	65,413,993,990	654,139,939.90
Immediately after the Capital Reorganisation becoming effective:		
– CCT Tech Ordinary Shares in issue	6,541,399,399	65,413,993.99
– Redeemable CPS in issue	–	–
Total issued share capital	6,541,399,399	65,413,993.99
Immediately after the Placing, the Completion and the allotment and issue of all the Redeemable CPS to the InnoMed Owner and the Vendor:		
– CCT Tech Ordinary Shares in issue	6,541,399,399	65,413,993.99
– CCT Tech Ordinary Shares alloted and issued to the Placees	1,300,000,000	13,000,000.00
– Total CCT Tech Ordinary Shares in issue	7,841,399,399	78,413,993.99
– Redeemable CPS allotted and issued to the InnoMed Owner	650,000,000	6,500,000.00
– Redeemable CPS allotted and issued to the Vendor	2,816,700,000	28,167,000.00
Total issued share capital	11,308,099,399	113,080,993.99
Immediately after the issue of the Conversion Shares upon full conversion of the Redeemable CPS:		
– CCT Tech Ordinary Shares in issue before conversion of the Redeemable CPS	7,841,399,399	78,413,993.99
– Issue of the CCT Tech Ordinary Shares upon full conversion of the Redeemable CPS	3,466,700,000	34,667,000.00
CCT Tech Ordinary Shares in issue after full conversion of the Redeemable CPS	11,308,099,399	113,080,993.99
Redeemable CPS in issue before conversion of the Redeemable CPS	3,466,700,000	34,667,000.00
Full conversion of the Redeemable CPS	(3,466,700,000)	(34,667,000.00)
Redeemable CPS in issue after full conversion of the Redeemable CPS	–	–

All shares of CCT Tech, the CCT Tech Existing Shares, the CCT Tech Ordinary Shares, and the Placing Shares and the Conversion Shares to be issued rank equally in all respects, including capital, dividends and voting rights. The CCT Tech Existing Shares in issue are currently listed on the Stock Exchange. As at the Latest Practicable Date, CCT Tech has outstanding Existing Share Options of 600,000,000 giving rights to subscribe for 600,000,000 unissued CCT Tech Existing Shares at the exercise price of HK$0.01 per CCT Tech Existing Share. Upon the Capital Reorganisation becoming effective, the Existing Share Options will be consolidated into 60,000,000 Consolidated Share Options which give the rights to their holders to subscribe for 60,000,000 CCT Tech Ordinary Shares at the revised exercise price of HK$0.10 per CCT Tech Ordinary Share. Other than the Existing Share Options, CCT Tech has no outstanding options, warrants, conversion rights or other similar rights giving rights to subscribe for the unissued existing shares of CCT Tech as at the Latest Practicable Date.

Save as disclosed above, since 31 December 2009 (being the date of the latest published audited accounts of CCT Tech), no shares or loan capital of CCT Tech has been issued or is proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms has been granted in connection with the issue or sale of any such capital.

4. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the shares and the underlying shares of the share options of the Company and its associated corporations

As at the Latest Practicable Date, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

(1) Interests and short positions in the Shares and the underlying Shares as at the Latest Practicable Date

Long positions in the Shares:

Name of the Directors	Number of the Shares interested and nature of interest			Approximate percentage of the total issued share capital of the Company *(%)*
	Personal	Corporate	Total	
Mak Shiu Tong, Clement *(Note)*	8,475,652	294,775,079	303,250,731	50.03
Tam Ngai Hung, Terry	500,000	–	500,000	0.08
William Donald Putt	591,500	–	591,500	0.10

Note: Of the shareholding in which Mr. Mak Shiu Tong, Clement was interested, an aggregate of 294,775,079 Shares were beneficially held by Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited, all of which are corporations wholly-owned by him, his spouse and his two sons. Mr. Mak Shiu Tong, Clement is deemed to be interested in such Shares under the SFO as he controls the exercise of one-third or more of the voting power at general meetings of Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited.

(2) Interests and short positions in the shares and the underlying shares of the share options of an associated corporation – CCT Tech as at the Latest Practicable Date

(i) Long positions in the CCT Tech Existing Shares:

Name of the Directors	Number of the shares interested and nature of interest			Approximate percentage of the total issued share capital of CCT Tech *(%)*
	Personal	Corporate	Total	
Mak Shiu Tong, Clement *(Note)*	120,000,000	33,026,391,124	33,146,391,124	50.67
Tam Ngai Hung, Terry	20,000,000	–	20,000,000	0.03
Cheng Yuk Ching, Flora	18,000,000	–	18,000,000	0.03
Chen Li	10,000,000	–	10,000,000	0.02

Note: Of the shareholding in which Mr. Mak Shiu Tong, Clement was interested, 33,026,391,124 CCT Tech Existing Shares were held by the Company through its indirect wholly-owned subsidiaries. Mr. Mak Shiu Tong, Clement is deemed to be interested in such CCT Tech Existing Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of the Company through his interest in the shareholding of 50.03% of the total issued share capital in the Company as at the Latest Practicable Date.

(ii) Long positions in the underlying shares of the share options granted under the share option scheme of CCT Tech:

Name of the Directors	Date of grant of the share options	Exercise period of the share options	Exercise price per share *HK$*	Number of the share options outstanding	Number of the total underlying shares	Approximate percentage of the total issued share capital of CCT Tech *(%)*
Tam Ngai Hung, Terry	23/7/2009	23/7/2009 – 6/11/2012	0.01	223,000,000	223,000,000	0.34
Cheng Yuk Ching, Flora	23/7/2009	23/7/2009 – 6/11/2012	0.01	245,000,000	245,000,000	0.37
William Donald Putt	23/7/2009	23/7/2009 – 6/11/2012	0.01	8,000,000	8,000,000	0.01
Chen Li	23/7/2009	23/7/2009 – 6/11/2012	0.01	8,000,000	8,000,000	0.01

(3) Interests and short positions in the shares and the underlying shares of the share options of an associated corporation – CCT Resources as at the Latest Practicable Date

(i) Long positions in the shares of CCT Resources:

Name of the Directors	Number of the shares interested and nature of interest			Approximate percentage of the total issued share capital of CCT Resources *(%)*
	Personal	Corporate	Total	
Mak Shiu Tong, Clement *(Note)*	19,344,000	1,331,764,070	1,351,108,070	25.36
Tam Ngai Hung, Terry	7,500,000	–	7,500,000	0.14

Note: Of the shareholding in which Mr. Mak Shiu Tong, Clement was interested, 1,331,764,070 shares of CCT Resources were beneficially held by Manistar Enterprises Limited, an indirect wholly-owned subsidiary of the Company. Mr. Mak Shiu Tong, Clement is deemed to be interested in such shares of CCT Resources under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of the Company through his interest in the shareholding of 50.03% of the total issued share capital in the Company as at the Latest Practicable Date.

(ii) Long positions in the underlying shares of the share options granted under the share option scheme of CCT Resources:

Name of the Directors	Date of grant of the share options	Exercise period of the share options	Exercise price per share *HK$*	Number of the share options outstanding	Number of the total underlying shares	Approximate percentage of the total issued share capital of CCT Resources *(%)*
Mak Shiu Tong, Clement	5/7/2006	14/8/2006 – 13/8/2011	0.038	22,500,000	22,500,000	0.42
Tam Ngai Hung, Terry	5/7/2006	14/8/2006 – 13/8/2011	0.038	18,000,000	18,000,000	0.34
	7/7/2009	11/8/2009 – 6/3/2012	0.160	40,500,000	40,500,000	0.76
Cheng Yuk Ching, Flora	5/7/2006	14/8/2006 – 13/8/2011	0.038	5,000,000	5,000,000	0.09
	7/7/2009	11/8/2009 – 6/3/2012	0.160	46,000,000	46,000,000	0.86
William Donald Putt	5/7/2006	14/8/2006 – 13/8/2011	0.038	5,000,000	5,000,000	0.09
	7/7/2009	11/8/2009 – 6/3/2012	0.160	3,500,000	3,500,000	0.07

(b) Particulars of the Directors' other interests

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with the Company or any other member of the Enlarged Group (excluding contracts expiring or determinable by the Company or any member of the Enlarged Group within one year without payment of any compensation, other than statutory compensation).

(c) Save as disclosed above, as at the Latest Practicable Date

(i) none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange;

(ii) none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2009, being the date of the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group; and

(iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group which contract or arrangement was subsisting and which was significant in relation to the business of the Enlarged Group taken as a whole.

(d) Substantial Shareholders' interests

As at the Latest Practicable Date, so far as was known to, or could be ascertained after reasonable enquiries by, the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any other member of the Enlarged Group:

Long positions in the Shares as at the Latest Practicable Date:

Name of the Shareholders	**Number of the Shares held**	**Approximate percentage of the total issued share capital of the Company** *(%)*
Capital Force International Limited *(Note)*	96,868,792	15.98
New Capital Industrial Limited *(Note)*	171,357,615	28.27

Note: Capital Force International Limited and New Capital Industrial Limited are corporations controlled by Mr. Mak Shiu Tong, Clement, his spouse and his two sons. Mr. Mak Shiu Tong, Clement's interest in such Shares has also been disclosed under the sub-section headed "Directors' interests and short positions in the shares and the underlying shares of the share options of the Company and its associated corporations" in this section.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares and the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any other member of the Enlarged Group.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Enlarged Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Enlarged Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Enlarged Group.

7. QUALIFICATIONS AND CONSENTS OF EXPERTS

(i) The following are the qualifications of the experts who have given opinions and advice which are contained in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants
T. O. Yip & Co. Limited ("**TOYCL**")	Certified Public Accountants
Roma	Independent valuers

(ii) None of Ernst & Young, TOYCL and Roma has any shareholding, directly or indirectly, in the Company or any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Enlarged Group;

(iii) Each of Ernst & Young, TOYCL and Roma has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or reference to its name in the form and context in which it is included; and

(iv) None of Ernst & Young, TOYCL and Roma has any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up.

8. MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

The Transactions, the Placing, the very substantial acquisition, and the very substantial disposal and the possible very substantial disposal as a result of dilution in shareholdings in CCT Tech will not have any adverse effect on the operation, liquidity and financial resources, and capital structure of the Enlarged Group and the Remaining Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Enlarged Group) have been entered into by the Enlarged Group within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date which are, or may be, material:

(i) the sale and purchase agreement dated 22 November 2010 entered into between Manistar Enterprises Limited (an indirect wholly-owned subsidiary of the Company) and an independent third party in relation to the disposal of 700,000,000 shares of CCT Resources;

(ii) the sale and purchase contract dated 29 October 2010 entered into between Dongguan Wiltec Electronics Company Limited (東莞偉迪電子有限公司) (an indirect wholly-owned subsidiary of the Company) and an independent third party in relation to the acquisition of office premises;

(iii) the sale and purchase contract dated 29 October 2010 entered into between Huiyang CCT Telecommunications Products Co., Ltd. (惠陽中建電訊制品有限公司) (an indirect wholly-owned subsidiary of CCT Tech) and an independent third party in relation to the acquisition of office premises;

(iv) the S&P Agreement dated 13 October 2010 (including the Supplemental Agreement dated 19 October 2010 and the Second Supplemental Agreement dated 22 October 2010) entered into amongst CCT Tech, the Vendor and the Target Company;

(v) the Placing Agreement dated 19 October 2010 entered into between CCT Tech and the Placing Agent;

(vi) the MIV Share Charge dated 13 October 2010 executed by the Vendor in favour of CCT Tech;

(vii) the InnoMed Share Purchase Agreement dated 12 October 2010 (including the supplemental agreement dated 19 October 2010) entered into amongst the Target Company, the InnoMed Owner and Mr. Hu;

(viii) the Shanghai Ying Sheng Equity Transfer Agreement dated 11 October 2010 entered into between InnoMed and Mr. Hu; and

(ix) the conditional agreement dated 29 April 2009 as amended by the supplemental agreement dated 7 May 2009 and the second supplemental agreement dated 27 May 2009 entered into between the Company as vendor and CCT Tech as purchaser in respect of the proposed acquisition by CCT Tech of one share of US$1.00 each in CCT Industrial Products Holdings Limited ("**CCT Industrial**"), the then direct wholly-owned subsidiary of the Company, representing the entire issued share capital of CCT Industrial and the outstanding interest-free loan due from CCT Industrial to the Company at a consideration of HK$346,311,000 (the transaction contemplated thereunder was not proceeded as the resolution to approve the transaction was not passed by the independent shareholders of CCT Tech at the special general meeting of CCT Tech which was held on 29 June 2009).

10. MISCELLANEOUS

(a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the head office and the principal place of business of the Company in Hong Kong is located at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Mr. Lam Che Wah, Danny, who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and the principal place of business of the Company in Hong Kong at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and the bye-laws of the Company;

(b) the memorandum and articles of association of the Target Company;

(c) the letter from the Board, the text of which is set out on pages 15 to 71 of this circular;

(d) the accountants' reports of the Target Group, the text of which is set out in Appendix II to this circular;

(e) Ernst & Young's review report dated 30 November 2010 on the financial information of the CCT Tech Group for the six months ended 30 June 2010 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountant;

(f) the unaudited pro forma financial information of the Group, the Enlarged Group and the Remaining Group and the comfort letter from Ernst & Young on pro forma financial information, the text of which is set out in Appendix IV to this circular;

(g) the Valuation Report on the Target Group, the text of which is set out in Appendix V to this circular;

(h) the letters of consent from Ernst & Young, TOYCL and Roma referred to under the section headed "Qualifications and Consents of Experts" in this appendix;

(i) the annual reports of the Company for the three financial years ended 31 December 2007, 2008 and 2009;

(j) the interim reports of the Company for the six months ended 30 June 2009 and 2010;

(k) the material contracts referred to in the section headed "Material Contracts" in this appendix; and

(l) this circular.

CCT TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 00138)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders of CCT Telecom Holdings Limited (the "**Company**") will be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Friday, 24 December 2010 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**SUBJECT TO THE PASSING OF THE SPECIAL RESOLUTION AND THE ORDINARY RESOLUTION BY THE CCT TECH SHAREHOLDERS (AS DEFINED IN THE CIRCULAR (WHICH IS DEFINED BELOW)) AT THE CCT TECH SGM (AS DEFINED IN THE CIRCULAR), THAT:**

(A) the agreement dated 13 October 2010 (the "**Original Agreement**") amongst the indirect non wholly-owned subsidiary of the Company, CCT Tech International Limited ("**CCT Tech**") as the purchaser, MIV Therapeutics, Inc. as the vendor (the "**Vendor**") and the wholly-owned subsidiary of the Vendor, MIV Scientific Holdings Ltd. ("**MIV Scientific**"), as amended by the supplemental agreement dated 19 October 2010 (the "**Supplemental Agreement**") and the second supplemental agreement dated 22 October 2010 (the "**Second Supplemental Agreement**") (the Original Agreement, the Supplemental Agreement and the Second Supplemental Agreement, together, as the "**S&P Agreement**") (a copy of each of which is tabled at the meeting and marked "A", "B" and "C" respectively and initialled by the chairman of the meeting (the "**Chairman**") for identification purpose), pursuant to which CCT Tech conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares (as defined in the circular of the Company dated 30 November 2010 (the "**Circular**"), a copy of which is tabled at the meeting and marked "D" and initialled by the Chairman for identification purpose) in MIV Scientific and CCT Tech conditionally agreed to subscribe for the Subscription Shares (as defined in the Circular) in MIV Scientific (the "**Transactions**"), at the total consideration of US$100,000,000, of which US$20,000,000 is to be satisfied by cash and US$80,000,000 is to be satisfied by way of allotment and issue of an aggregate of 3,466,700,000 Redeemable CPS (as defined in the Circular) which may be converted into the CCT Tech Ordinary Shares (as defined in the Circular) on a one to one basis, subject to adjustment to conversion as set out in the S&P Agreement, as to 650,000,000 Redeemable CPS in favour of the InnoMed Owner (as defined in the Circular) and as to 2,816,700,000 Redeemable CPS in favour of the Vendor, credited as fully paid at the subscription price of HK$0.18 each, pursuant to the terms and subject to the conditions set out in the S&P Agreement, and the execution of the S&P Agreement by CCT Tech, be and are hereby approved, ratified and confirmed; and that the Transactions, which constitute a very substantial acquisition for the Company under the Listing Rules (as defined in the Circular), and any other transactions contemplated under the S&P Agreement, be and are hereby approved;

(B) the dilution of the shareholdings of the Group (as defined in the Circular) in CCT Tech as a result of the allotment and issue of the CCT Tech Existing Shares (as defined in the Circular) or the CCT Tech Ordinary Shares by CCT Tech upon completion of the Placing (as defined in the Circular) and the possible maximum dilution of the Group's shareholdings in CCT Tech as a result of the allotment and issue of the CCT Tech Ordinary Shares by CCT Tech upon the exercise of the conversion right attaching to the Redeemable CPS which constitute a very substantial disposal (the "**Very Substantial Disposal**") or a possible very substantial disposal (the "**Possible Very Substantial Disposal**") respectively for the Company under the Listing Rules, all in accordance and compliance with the Listing Rules, be and are hereby approved; and

(C) any one director of the Company, or any two directors of the Company if affixation of the common seal of the Company is necessary, be and is/are hereby authorised to execute all such other document, instrument and agreement (if any) and do all such acts and things and to take all such steps which in his/her/their opinion, may be necessary, appropriate, desirable or expedient to give effect to or in connection with the matters contemplated in and for completion of the S&P Agreement, the Transactions, the Very Substantial Disposal, the Possible Very Substantial Disposal and the other transactions contemplated therein and to agree to any variation, amendment, supplement or waiver of matters relating thereto as is/are, in his/her/their opinion, in the interest of the Company, to the extent that such variation, amendment, supplement or waiver does/do not constitute material changes to the material terms of the transactions contemplated under the Placing Agreement (as defined in the Circular) and the S&P Agreement."

By Order of the Board of
CCT TELECOM HOLDINGS LIMITED
Mak Shiu Tong, Clement
Chairman

Hong Kong, 30 November 2010

Head office and principal place of business in Hong Kong:
2208, 22/F., St. George's Building
2 Ice House Street
Central
Hong Kong

Notes:

1. *A form of proxy for use at the SGM is enclosed herewith.*

2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either executed under its common seal or under the hand of any officer, attorney or other person duly authorised to sign the same.*

3. *Any shareholder entitled to attend and vote at the SGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint not more than two proxies (who must be an individual or individuals) to attend and vote instead of him/her on the same occasion. A proxy need not be a shareholder of the Company but must attend the SGM in person to represent him/her.*

4. *In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof (as the case may be). Such prescribed form of proxy for use at the SGM is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.cct.com.hk.*

5. *Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.*

6. *Where there are joint registered holders of any share(s), any one of such joint holders may attend and vote at the SGM or at any adjourned meeting thereof (as the case may be), either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the SGM or at any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.*