

# Chairman's Statement

On behalf of the Board of Directors (the "Board"), I am presenting the annual report of Terabit Access Technology International Limited (the "Company") for the year ended 30 June 2002.

During the year under review, we had diversified substantially our business as well as resources into the development of WCDMA and OFDM technology and the sales distribution of related system networks and products through Quicky Technologies Limited, a wholly owned subsidiary of the Company, which had invested in Gen-Wan Technology Corp and Widax Corporation.

The overall businesses environments have remained very difficult but challenging particularly for the telecommunication industry due to continuous global economic downturn. Nevertheless, for the existing electronics manufacturing businesses, we have recorded a slight improvement on the result over that of the last year despite intense business competition.

During the year, we had disposed 49% of the issued share capital and the shareholder's loan of Welback International Investments Limited, a wholly owned subsidiary of the Company. The disposal provides us with the resources for the diversification to the new businesses. This disposal also provides a positive cash inflow to the group.

The continued economic growth and accelerated globalisation are creating a brighter future in The People's of Republic of China ("PRC"). The Company would keep on exploring the business and investment opportunity in the PRC with the goal of maximizing return to shareholders.

Given the extraordinarily difficult economic and operating conditions, the Company's management has implemented stringent cost and credits controls to improve its financial position. In addition, the Company will adopt a conservative cash management approach to increase its operating efficiencies and to reduce funding cost so as to drive strong and accelerate free cash flows to give the Company unprecedented flexibility going forward.

Finally, I would like to take this opportunity to express my appreciation to the management and the staff of the Group for their wholehearted commitment and dedicated performance. I also wish to extend my sincere thanks to our business associates, customers and suppliers for their continuous co-operation and support.

**Koh Tat Lee, Michael**  
*Chairman*

Hong Kong, 25 October 2002