

Restructuring

Haier-CCT's reformation into a mobile phone business began in 2001 and the restructuring process moved a big step forward last year. In October 2002, through an acceleration agreement with the major shareholders, the Company further acquired a 64.5% interest in Pegasus Telecom (Qingdao) Co. Ltd. ("Pegasus Qingdao"), a joint venture set up in the PRC which is responsible for the manufacture and distribution of mobile phones. The Company continues to hold an option in respect of the remaining 35.5% of Pegasus Qingdao, exercisable up to 31 July 2004.

The restructuring has enabled us to streamline our corporate structure so as to ensure an early and significant market share of the huge and promising mobile phone market in the PRC.

Corporate shareholding structure of Haier-CCT

