

REPORT OF THE DIRECTORS

The directors herein to present their annual report and the audited financial statements of the Company for the period from 22 July 2002 (date of incorporation) to 31 December 2002 and of the Group for the period from 1 October 2001 to 31 December 2002.

GROUP REORGANISATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) on 22 July 2002.

Pursuant to a scheme of arrangement sanctioned by the Supreme Court of Bermuda which became effective on 4 November 2002, the Company issued its shares to the then shareholders of CCT Technology Holdings Limited (“CCT Technology”) (formerly known as Wireless InterNetworks Limited) (“WIN”), the former listed holding company, in exchange for the entire issued share capital of CCT Technology. CCT Technology then became a wholly-owned subsidiary of the Company and its listing status on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) was withdrawn at the close of business on 6 November 2002. The shares of the Company were listed on the Stock Exchange on 7 November 2002 by way of introduction.

Details of the group reorganisation (the “Group Reorganisation”) for the period are set out in note 3 to the financial statements.

CHANGE OF FINANCIAL YEAR END DATE

Pursuant to an ordinary resolution passed by the directors of the Company on 14 August 2002, the Company adopted a financial year end date of 31 December. During the year, CCT Technology group changed its financial year end date from 30 September to 31 December with effect from the year of 2002. The current accounting period covers a period of fifteen months from 1 October 2001 to 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries comprised the manufacture and sale of telecom products. There were no significant changes in the nature of the Group’s principal activities during the period.

RESULTS AND DIVIDEND

The Group’s profit for the period from 1 October 2001 to 31 December 2002 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 32 to 73.

The directors do not recommend payment of any dividend for the period (year ended 30 September 2001: Nil).

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial periods/years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 74. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in fixed assets of the Group during the period are set out in note 19 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in share capital and share options of the Company during the period, together with the reasons therefor, are set out in notes 33 and 34 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Current Directors (as defined in note 3 to the financial statements) disclaim their responsibilities on the accuracy of the information stated herein in respect of the purchase, sale or redemption of WIN's listed securities before 17 May 2002 due to insufficient and incomplete records received from the then receivers and the Former Directors (as defined in note 2 to the financial statements) for the period before completion of the Group Restructuring (as detailed in note 2 to the financial statements). As far as the Current Directors are aware, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of CCT Technology (formerly known as WIN) and/or the Company during the fifteen months ended 31 December 2002.

RESERVES

Details of movements in reserves of the Company and the Group during the period are set out in note 35 to the financial statements and in the consolidated statement of changes in equity, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

Subject to note 5 to the financial statements, as far as is known to, or can be ascertained after reasonable enquiry by, the directors of the Company, the information in respect of the Group's sales and purchases attributable to the major customers and suppliers, respectively, during the financial period is as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	Period from 1 October 2001 to 31 December 2002	Year ended 30 September 2001	Period from 1 October 2001 to 31 December 2002	Year ended 30 September 2001
The largest customer	69	23		
Five largest customers in aggregate	93	67		
The largest supplier			26	N/A
Five largest suppliers in aggregate			68	<30

CCT Telecom Holdings Limited ("CCT Telecom"), a substantial shareholder of the Company, had beneficial interests in one of the five largest customers and one of the five largest suppliers of the Group.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS (continued)

The directors confirm that, having made their best endeavours and all reasonable enquiries, save as disclosed above, at no time during the period have the directors of the Company or any of their associates or shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

(A) During the period up to the date immediately prior to the Group Reorganisation becoming effective on 4 November 2002, the directors of CCT Technology were as follows:

Executive directors:

Mak Shiu Tong Clement	(appointed on 17 May 2002)
Cheng Yuk Ching Flora	(appointed on 17 May 2002)
Tam Ngai Hung Terry	(appointed on 17 May 2002)
Leung Howard	(resigned on 17 May 2002)

Independent non-executive directors:

Chow Siu Ngor	(appointed on 17 May 2002)
Lau Ho Kit Ivan	(appointed on 17 May 2002)
Gerald Clive Dobby	(resigned on 17 May 2002)
Wu Sai Wing	(resigned on 17 May 2002)

(B) Subsequent to the date of the Group Reorganisation becoming effective on 4 November 2002 and up to the date of this annual report, the directors of the Company were as follows:

Executive directors:

Mak Shiu Tong Clement	(appointed on 14 August 2002)
Cheng Yuk Ching Flora	(appointed on 14 August 2002)
Tam Ngai Hung Terry	(appointed on 14 August 2002)
Tong Chi Hoi	(appointed on 12 November 2002)

Independent non-executive directors:

Chow Siu Ngor	(appointed on 14 August 2002)
Lau Ho Kit Ivan	(appointed on 14 August 2002)

In accordance with the bye-laws of the Company, Messrs. Mak Shiu Tong Clement, Cheng Yuk Ching Flora, Tam Ngai Hung Terry, Tong Chi Hoi, Chow Siu Ngor and Lau Ho Kit Ivan will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

The independent non-executive directors of the Company are not appointed for specific term and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on page 8 of this report.

DIRECTORS' SERVICE CONTRACTS

During the period, no director had a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period.

SHARE OPTION SCHEME

At the special general meeting held on 11 July 2002, the shareholders of CCT Technology adopted a share option scheme (the "Old Share Option Scheme") to comply with the new amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

A new share option scheme (the "New Share Option Scheme") was conditionally adopted by the then shareholder of the Company on 17 September 2002 and the shareholders of CCT Technology on 15 October 2002. Immediately upon the listing of the shares of the Company on the Stock Exchange on 7 November 2002, the New Share Option Scheme became unconditional and the Old Share Option Scheme was terminated. Unless otherwise cancelled or amended, the New Share Option Scheme will remain in force for 10 years from that date.

The purpose of the New Share Option Scheme is to provide incentives and rewards to the eligible participants who contribute to the success of the Group's operation. Eligible participants of the New Share Option Scheme include any employee, executive or officer of the Group (including executive and non-executive directors of the Group) and any supplier, consultant, agent, adviser, shareholder, customer, partner, business associate who, in the sole discretion of the board of directors of the Company, will contribute or has contributed to the Group.

Pursuant to the New Share Option Scheme, the maximum number of shares in respect of which options may be granted under the New Share Option Scheme is such number of shares, when aggregated with shares subject to any other share option scheme(s) of the Company (which, for this purpose, excludes the Old Share Option Scheme), must not exceed 10% of the issued share capital of the Company upon the listing of the shares of the Company on the Stock Exchange. The maximum number of shares issuable upon exercise of the options granted under the New Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period is limited to 1% of the shares of the Company in issue as at the date of grant. Any further grant of share options in excess of this 1% limit shall be subject to the issue of a circular by the Company (and if required, the holding company) and the shareholders' approval of the Company (and if required, the approval of the shareholders of the holding company) at a general meeting.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval in advance by the independent non-executive directors of the Company (and if required, the approval of the independent non-executive directors of the holding company), excluding the independent non-executive director(s) of the Company who is/are the grantee(s) of the options. In addition, any share option granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue as at the date of grant or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to the issue of a circular by the Company (and if required, the holding company) and the shareholders' approval of the Company (and if required, the approval of the shareholders of the holding company) in advance at a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options or the expiry date of the New Share Option Scheme, whichever is earlier.

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

No options has been granted under the Old Share Option Scheme and the New Share Option Scheme since the date of their adoption up to the date of this annual report.

The Current Directors consider that it is not appropriate to value the options that can be granted under the New Share Option Scheme on the grounds that (i) no options has yet been granted; (ii) the options to be granted under the New Share Option Scheme are not freely transferable (and hence there is no open market for transacting these options), and the grantee of an option is unable to sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any option; (iii) options (if granted) will lapse if the grantee ceases to be an eligible participant; and (iv) a number of variables crucial for the valuation of the option value cannot be determined. Accordingly, any valuation of the options based on various speculative assumptions would not be meaningful, but would be misleading to the shareholders of the Company.

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

As at 31 December 2002, the interests of the Current Directors and/or any of their respective associates in the equity or debt securities of the Company or any of its associated corporation (as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")), as recorded in the register required to be kept by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies under the Listing Rules (the "Model Code"), were as follows:

DIRECTORS' INTERESTS IN SHARES AND WARRANTS (continued)**(i) Associated corporation - CCT Telecom**

Name of director	Note	Number of ordinary shares in CCT Telecom beneficially held and nature of interest		
		Personal	Family	Corporate
Mak Shiu Tong Clement	(a)	856,000	1,407,500	83,998,441
Cheng Yuk Ching Flora		9,876,713	-	-
Tong Chi Hoi		282,000	-	-

(ii) Associated corporation - Haier-CCT Holdings Limited ("Haier-CCT")

Name of director	Note	Number of ordinary shares in Haier-CCT beneficially held and nature of interest			Amount of 2004 warrants in Haier-CCT beneficially held and nature of interest		
		Personal	Family	Corporate	Personal HK\$	Family HK\$	Corporate HK\$
Mak Shiu Tong Clement	(b)	20,574,412	1,150,391	85,494,864	1,069,869.32	59,820.28	4,444,651.64
Cheng Yuk Ching Flora		19,312,498	-	-	1,004,249.48	-	-
Tam Ngai Hung Terry		10,000,000	-	-	520,000.00	-	-
Tong Chi Hoi		5,221	-	-	-	-	-

Notes:

- (a) The family interest of Mr. Mak Shiu Tong Clement in 1,407,500 shares in CCT Telecom was held by his wife, Ms. Yiu Yu Ying, and the corporate interest of Mr. Mak Shiu Tong Clement in 83,998,441 shares in CCT Telecom was held by Capital Interest Limited, the issued share capital of which his wife, Ms. Yiu Yu Ying, and his two sons had beneficial interests, under the provisions of the SDI Ordinance.
- (b) The family interest of Mr. Mak Shiu Tong Clement in 1,150,391 shares and in the 2004 warrants in an aggregate amount of HK\$59,820.28 in Haier-CCT were held by his wife, Ms. Yiu Yu Ying, and the corporate interest of Mr. Mak Shiu Tong Clement in 85,494,864 shares and in the 2004 warrants in an aggregate amount of HK\$4,444,651.64 in Haier-CCT were held by Capital Interest Limited, the issued share capital of which his wife, Ms. Yiu Yu Ying, and his two sons had beneficial interests, under the provisions of the SDI Ordinance. The 2004 warrants in Haier-CCT entitle holders thereof to subscribe for its shares at a subscription price of HK\$0.52 per share, subject to adjustments, until 26 February 2004.

Save as disclosed above, as at 31 December 2002, none of the Current Directors and/or any of their respective associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporation (as defined in the SDI Ordinance), as recorded in the register required to be kept under Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE ORDINARY SHARES

(i) Associated corporation - CCT Telecom

Name of director	Number of share options in CCT Telecom						Notes	Exercise price per share option HK\$
	Outstanding as at 1 October 2001	Adjustment#	Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period	Outstanding as at 31 December 2002		
	Mak Shiu Tong Clement	20,000,000	(15,000,000)#	-	-	-		
Cheng Yuk Ching Flora	5,000,000	(3,750,000)#	-	-	-	1,250,000#	(a) 2.936#	
Tam Ngai Hung Terry	3,000,000	(2,250,000)#	-	-	-	750,000#	(b) 3.732#	
	5,000,000	(3,750,000)#	-	-	-	1,250,000#	(a) 2.936#	
Tong Chi Hoi	2,000,000	(1,500,000)#	-	-	-	500,000#	(c) 2.936#	
Total	35,000,000	(26,250,000)#	-	-	-	8,750,000#		

Notes:

(a) The share options were granted on 13 August 2001 which are exercisable during the period from 16 August 2001 to 15 August 2003.

(b) The share options were granted on 11 June 2001 which are exercisable during the period from 13 June 2001 to 12 June 2003.

(c) The share options were granted on 13 August 2001 which are exercisable during the period from 16 February 2002 to 15 August 2003.

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

(ii) Associated corporation - Haier-CCT

Name of director	Number of share options in Haier-CCT						Notes	Exercise price per share option HK\$
	Outstanding as at 1 October 2001	Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period	Outstanding as at 31 December 2002			
	Mak Shiu Tong Clement	-	89,000,000	-	-	89,000,000		
Cheng Yuk Ching Flora	-	89,000,000	-	-	89,000,000	(a) 0.156		
Tam Ngai Hung Terry	-	89,000,000	-	-	89,000,000	(a) 0.156		
Tong Chi Hoi	3,000,000	-	-	-	3,000,000	(b) 0.190		
	-	10,000,000	-	-	10,000,000	(a) 0.156		
Total	3,000,000	277,000,000	-	-	280,000,000			

Notes:

(a) The share options were granted on 16 August 2002 which are exercisable during the period from 16 August 2003 to 15 August 2007.

(b) The share options were granted on 13 July 2001 which are exercisable during the period from 13 January 2002 to 12 July 2003.

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any of its associated corporation granted to any Current Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, or any of its associated corporation a party to any arrangement to enable the Current Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2002, the following parties were interested in 10% or more in the equity securities of the Company as recorded in the register required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name of shareholder	Notes	Number of shares held	Approximate percentage of the Company's issued share capital %
Jade Assets Company Limited		1,800,000,000	16.61
CCT Assets Management Limited		1,350,000,000	12.46
Expert Success International Limited		1,350,000,000	12.46
CCT Technology Investment Limited	(a)	4,500,000,000	41.52
CCT Telecom	(b)	4,500,000,000	41.52
Dongguan Defa Investment Limited		2,000,000,000	18.45
Tan Jinrong	(c)	2,000,000,000	18.45
Standard Chartered Bank	(d)	1,424,425,852	13.14

Notes:

- (a) *The interest disclosed includes 1,800,000,000 shares held by Jade Assets Company Limited, 1,350,000,000 shares held by CCT Assets Management Limited and 1,350,000,000 shares held by Expert Success International Limited, all of them are wholly-owned subsidiaries of CCT Technology Investment Limited.*
- (b) *The interest disclosed includes 4,500,000,000 shares beneficially owned by CCT Technology Investment Limited, which is a wholly-owned subsidiary of CCT Telecom.*
- (c) *The interest disclosed includes 2,000,000,000 shares held by Dongguan Defa Investment Limited, in which Mr. Tan Jinrong has controlling interest.*
- (d) *These shares are registered in the name of Horsford Nominees Limited, as the nominee for Standard Chartered Bank.*

Save as disclosed above, as at 31 December 2002, no other parties, other than the Current Directors and/or any of their respective associates, whose interests are set out above, had registered as having an interest of 10% or more in the equity securities of the Company as recorded in the register required to be kept by the Company under Section 16(1) of the SDI Ordinance.

CONNECTED TRANSACTIONS

Electronic Sales Limited ("ESL"), a wholly-owned subsidiary of the Company, had the following material transactions with certain subsidiaries of CCT Telecom during the period. Since CCT Telecom is a substantial shareholder of the Company, subsidiaries of CCT Telecom are, therefore, connected persons of the Company and transactions with these companies constituted connected transactions under section 14 of the Listing Rules:

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS (continued)

	Notes	Period from 17 May 2002 to 31 December 2002 HK\$'000
Management fee expenses	(i)	1,600
Rental expense	(ii)	1,200
Sale of products	(iii)	73,750
Purchase of materials	(iv)	17,256

Notes:

- (i) The management fee was charged to ESL by CCT Telecom (HK) Limited ("CCT Telecom (HK)", a wholly-owned subsidiary of CCT Telecom, for the provision of general administration, management information system consultation and hardware maintenance services and was determined based on actual costs incurred.
- (ii) The rental expense was charged to ESL by CCT Properties (Dongguan) Limited ("CCT Properties"), a wholly-owned subsidiary of CCT Telecom, for the provision of factory space in Dongguan, the PRC, at a rate determined in accordance with the terms and conditions set out in a rental agreement entered into between ESL and CCT Properties on 12 April 2002.
- (iii) The sale of products to CCT Telecom (HK) included transformers, AC/DC adaptors and custom built-in power supply, and the price of which was determined based on the direct material costs of the products plus a mark-up percentage of up to 50% of such direct material costs.
- (iv) The purchase of materials from Neptune Holding Limited ("Neptune"), a wholly-owned subsidiary of CCT Telecom, included plastic moulds and materials, and the price of which was determined based on the direct costs of the materials plus a mark-up percentage up to 50% of such direct costs.

CCT Telecom is substantial shareholder of the company with substantial management ability and business experience in telecom products. The above connected transactions can facilitate the business flows between the two group and improve efficiencies on reduce cost of ESL.

The transactions as indicated in notes (iii) and (iv) above were disclosed in the circular to the shareholders of CCT Technology dated 21 June 2002 and were approved by the independent shareholders at a special general meeting of CCT Technology held on 11 July 2002.

The Stock Exchange has granted conditional waivers to CCT Technology from strict compliance with the connected transactions requirements as set out in the Listing Rules for the three financial years ending 31 December 2004. The ongoing connected transactions have obtained the approval of the independent non-executive directors of CCT Technology on 31 May 2002. The Stock Exchange has confirmed that the conditional waivers are validly applicable to the Company after the Group Reorganisation.

The independent non-executive directors of the Company have reviewed the connected transactions as indicated in notes (i), (ii), (iii) and (iv) above and confirmed that:

- (a) the aggregate value of the management fee and rental expense as described in notes (i) and (ii) above for the period from 17 May 2002 to 31 December 2002 did not exceed the cap amount set out in the announcement and the circular dated 31 May 2002 and 21 June 2002, respectively;

CONNECTED TRANSACTIONS (continued)

- (b) the aggregate value of the sale of products to CCT Telecom (HK) and purchase of materials from Neptune for the period from 17 May 2002 to 31 December 2002 did not exceed the cap amounts set out in the announcement and the circular dated 31 May 2002 and 21 June 2002, respectively;
- (c) the transactions were entered into in the usual and ordinary course of businesses of ESL;
- (d) the transactions were conducted either on normal commercial terms or if there is no available comparison, on terms that are fair and reasonable so far as the shareholders of the Company, taken as a whole, are concerned; and
- (e) the transactions were conducted either in accordance with the terms of the agreements governing such transactions or if there were no such agreements, on terms that are less favourable than terms available to or from independent third parties.

No information on connected transactions for the year ended 30 September 2001 and the period from 1 October 2001 to 17 May 2002 has been presented as the information is not available.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 40 to the financial statements.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Current Directors, immediately after completion of the Group Restructuring, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Listing Rules throughout the accounting period from 17 May 2002 to 31 December 2002, except that the independent non-executive directors of the Company are not appointed for specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company.

AUDIT COMMITTEE

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

The New Audit Committee had reviewed the accounting principles and practices adopted by the Group and discussed financial and accounting matters including the review of the audited consolidated financial statements of the Group for the fifteen months ended 31 December 2002. However, the New Audit Committee disclaims their liabilities and cannot form an opinion in respect of the transactions before 17 May 2002 due to insufficient and incomplete records received from the then receivers and the Former Directors for the period before completion of the Group Restructuring.

REPORT OF THE DIRECTORS

AUDITORS

Ernst & Young were appointed by the directors as the first auditors of the Company. Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Mak Shiu Tong, Clement

Chairman

Hong Kong
15 April 2003