

重大訴訟

1. 一九九八年三月至六月，本公司與瀋陽亨元達通訊器材有限公司（「瀋陽亨元達公司」）簽訂了三份產品購銷合同（「該等合同」），該等合同總額為人民幣2,670,338.51元，本公司按該等合同要求及時給予供貨後，瀋陽亨元達公司於一九九八年三次向本公司共支付了人民幣444,038.48元後，尚欠本公司貨款人民幣2,226,300.03元。

本公司依法向成都市高新區人民法院（「高新區法院」）對瀋陽亨元達公司提起訴訟，經高新區法院二零零二年十一月十二日判決〔（2002）高新民二初字第92號〕，瀋陽亨元達公司應於判決生效之日起十日內給付本公司貨款人民幣2,226,300.03元以及自二零零一年十月十二日起至二零零二年十一月十二日止的逾期付款違約金。

高新區法院已委托瀋陽市中級人民法院對瀋陽亨元達公司進行異地執行判決，現正在執行過程中。

2. 於二零零三年三月二十三日，本公司收到成都市中級人民法院（「成都中院」）傳票，成都華融資產管理公司成都辦事處訴本公司一九九四年為四川省興達物質能源工貿總公司進行銀行貸款擔保承擔連帶責任（「該擔保」），標的金額為人民幣1,550,000元，經成都中院二零零三年五月十八日判決（（2003）成民初字第175號），因該擔保已超過訴訟時效，本公司不再承擔連帶責任。

據本公司董事會所知，除以上所述，本公司或本集團其他成員並無牽涉重大訴訟或仲裁事項。

MATERIAL LITIGATION

1. The Company entered into three sale and purchase contracts for products (the "Contracts") with Shenyang Hengyuanda Communication Equipment Co., Ltd. ("SHCE") in the sum of RMB2,670,338.51 between March and June of 1998. Upon the Company's supply of goods on a timely basis pursuant to the Contracts, SHCE made three payments to the Company in 1998 in the sum of RMB444,038.48. SHCE still owes the Company RMB2,226,300.03 for the goods.

The Company instituted legal proceedings against SHCE at the Gaoxin District People's Court (the "Gaoxin District Court") of Chengdu in accordance with the law. According to the judgment Gaoxin Min Er Chu Zi No. 92 (2002) delivered by the Gaoxin District Court on 12 November 2002, SHCE was required to pay RMB2,226,300.03 to the Company for the goods within ten days from the date on which the judgment came in force, and a default fine for the overdue payment for the period from 12 October 2001 to 12 November 2002.

Gaoxin District Court has entrusted Shenyang Intermediate People's Court with the enforcement of the judgment against SHCE in their jurisdiction. The judgment is now being enforced.

2. The Company received a writ from the Chengdu Intermediate People's Court (the "Chengdu Court") on 23 March 2003 stating that the Chengdu office of Chengdu Huarong Assets Management Company claimed that the Company should assume joint liability for providing a guarantee for a bank loan in the amount of RMB1,550,000 to Sichuan Xingda Material Energy Industrial and Trading Corporation in 1994 (the "Guarantee"). Following the ruling (No. 175 of (2003) Cheng Min Chu Zi) of Chengdu Court on 18 May 2003, it was held that the Company is no longer jointly liable because of the Guarantee's lapse of limitation period.

So far as the Board of Directors is aware of, save as the above, neither the Company nor other members of the Group were involved in any material litigation or arbitration.