



REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited financial statements of Ruili Holdings Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30 June 2003.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed on 29 August 2003, the Company changed its name from Terabit Access Technology International Limited to Ruili Holdings Limited with effect from 2 September 2003.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Details of the principal activities and other particulars of the Company's significant subsidiaries are set out in Note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 6 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2003 are set out in the consolidated income statement on page 23.

The states of affairs of the Group and the Company as at 30 June 2003 are set out in the balance sheets on pages 24 to 25 and page 26 respectively.

The cashflows of the Group are set out in the statement on pages 28 to 29.

The directors do not recommend a payment of dividend nor transfer of any amount to reserves for the year.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 81.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 16 to the financial statements.

INVESTMENT PROPERTIES

Details of the movements in investment properties of the Group during the year are set out in Note 17 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes are set out on page 82.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the share capital, share options and warrants of the Company during the year are set out in Note 30 to the financial statements.

RESERVES

Details of movements in the reserve of the Group and the Company during the year are set out in Note 31 to the financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds of the Group and the Company in issue during the year are set out in Note 27 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors in office during the financial year and up to the date of this report were:

Executive directors

Zhang Yiwei	(Appointed on 27 August 2003)
Lee Kwok Leung, Alan	
Hu Yidong	(Appointed on 20 October 2003)
Liao Chongde	(Appointed on 2 October 2003)
Wu Jiahong	(Appointed on 20 January 2003)
Fong Wing Seng	(Resigned on 17 September 2003)
Chen Shujun	(Resigned on 20 May 2003)
Cai Youyi	(Appointed on 24 October 2002 and resigned on 20 January 2003)
Lee Chun Kwok	(Resigned on 10 January 2003)
Koh Tat Lee, Michael	(Resigned on 1 November 2002)
See Lee Sang, Reason	(Resigned on 1 November 2002)
Liu Kuo Hui	(Resigned on 16 September 2002)

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (Continued)

Non-executive directors

Dai Zhongcheng (Resigned on 20 May 2003)

Independent non-executive directors

Li Fui Lung, Danny

Ng Hoi Yue, Herman

In accordance with the provision of Clause 86(c) of the Company's Bye-Laws, Mr. Zhang Yiwei, Mr. Liao Chongde, Mr. Wu Jiahong and Mr. Hu Yidong, the directors so appointed by the Board shall hold office only until the forthcoming annual general meeting of the Company and shall then be eligible for re-election at that meeting.

In accordance with the provision of Clause 87 of the Company's Bye-Laws, Mr. Li Fui Lung, Danny shall retire by rotation at the forthcoming annual general meeting and, being eligible offer himself for re-election at that meeting.

The independent non-executive directors have been appointed for a term subject to retirement by rotation in accordance with the Company's Bye-Laws.

DIRECTORS' INTEREST IN CONTRACTS

None of the directors had any interests in any contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

(a) Shares

At 30 June 2003, the interests of the directors and chief executive in the share capital of the Company and its associated corporations as defined in Section 352 of the Securities and Future Ordinance ("SFO") were as follows:

Name of Director	Number of ordinary shares of the Company held			Total
	Personal interests	Family interests	Corporate interests	
Fong Wing Seng (Note 1)	37,958,156	–	–	37,958,156

Note:

- Mr Fong Wing Seng was resigned as executive director of the Company with effect from 17 September 2003.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES (Continued)

(b) Share Options

The Company has a share option scheme under which the directors may, at their discretion, grant options to employees, including any directors, of the Company or its subsidiaries to subscribe for shares in the Company, subject to the terms and conditions stipulated. As at 30 June 2003, the outstanding share options granted to certain directors of the Company were as follows:

Name of director	Exercise on or after	Exercise price HK\$	Outstanding as at 1 July 2002	Number of share options				Outstanding as at 30 June 2003
				Granted during year	Exercised during year	Lapsed during year	Cancelled during year	
Koh Tat Lee, Michael	16 January 2002	0.057	65,350,000	-	-	(65,350,000)	-	-
See Lee Seng, Reason	1 February 2002	0.081	65,350,000	-	-	(65,350,000)	-	-
Lee Kwok Leung	1 February 2002	0.081	65,350,000	-	-	-	(65,350,000)	-
Wu Jiahong	20 February 2003	0.017	-	50,000,000	-	-	-	50,000,000

Note: Mr Koh Tat Lee, Michael and Mr See Lee Seng, Reason were resigned as executive directors of the Company on 1 November 2002 and, accordingly, the outstanding share options held by them were lapsed.

Details of the Company's share option scheme are set out in Note 14 to the financial statements.

Save as aforesaid and other than certain nominee shares in subsidiaries held by directors in trust for the Group, as at 30 June 2003:

- (i) none of the directors or the chief executives or their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) 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 or short positions which they were taken or deemed to have under such provision of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; and
- (ii) none of directors or chief executives or their spouses or children under 18 had any right to subscribe for the shares, underlying share of debentures of the Company, or had exercised any such right during the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

ZHANG Yiwei, aged 48, was appointed as an executive director on 27 August 2003 and was appointed as chief executive officer of the Group on 5 September 2003. Mr Zhang has more than 20 years experience in media, telecommunication and investment management in listed companies. He was an Officer of Shanghai Oriental Pearl Co Ltd and China Unicom Shanghai Office and China Everbright Group.

LIAO Chongde, aged 46, was appointed as an executive director on 2 October 2003. Mr Liao holds a Doctor of Jurisprudence and an MBA in College of Business Management from University of Oregon. Mr Liao has more than 12 years of experience in senior management level in an international company with comprehensive product offerings in the communications and telecommunications market, Mr Liao had been employed as the Manager of Contracts Department in Harris Corporation, Communications Products Division in USA.

WU Juahong, aged 36, was appointed as an executive director on 20 January 2003. Mr Wu holds a BA diploma from Beijing Foreign Studies University and an MBA from Georgetown University in United States. Mr Wu has more than 12 years of experience in corporate finance and strategic management. Mr Wu has worked in both the Hong Kong and New York offices of Donaldson, Lufkin & Jenrette and as project manager in the corporate finance department of the Bank of China Head Office. In addition, Mr Wu was the Chief Financial Officer of a Beijing company in PRC.

HU Yidong, aged 40, was appointed as an executive director on 20 October 2003. Mr Hu was a co-founder of 深圳市銀河通信技術有限公司 and was appointed as an executive director and general manager.

LEE Kwok Leung, Alan, aged 49, was appointed as an executive director on 17 January 2002. Mr Lee holds a business diploma from New York University and has over 25 years of experience in the finance and capital markets. From 1989 to 1992, he was the deputy general manager of Hua Chiao Commercial Bank Limited responsible for business development and China-related business. From 1992 to 1999, he was the managing director of BOCI Direct Investment Management Limited responsible for the fund management of BOC China Fund Limited managing US\$150 million investments in the Greater China region and Hong Kong on behalf of independent third parties. Mr Lee is currently the managing director of Derico Financial Services Limited and Success Talent Investment Limited, which engages in the business of corporate finance and fund management.

BIOGRAPHICAL DETAILS OF DIRECTORS (Continued)**Independent Non-executive Directors**

LI Fui Lung, Danny, aged 50, was appointed as an independent non-executive director on 23 October 2001, Mr Li is the sole proprietor of Messrs Danny Li & Company, a certified public accountants firm in Hong Kong. He also serves as an audit committee member of the Group since October 2001.

NG Hoi Yue, Hermen, aged 40, was appointed as an independent non-executive director on 16 May 2002. Mr Ng has been practising as a certified public accountant in Hong Kong for more than 13 years. He is a fellow member of both the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants. He also serves as an audit committee member of the Group since May 2002.

CONNECTED TRANSACTIONS

Significant related party transactions, which also constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), required to be disclosed in accordance with Chapter 14 of the Listing Rules, are as follows:

The Company has issued guarantee and certain 51% owned subsidiaries, have pledged their properties together with bank deposits of HK\$9.9 million (2002: HK\$8.6 million) to banks for obtaining credit facilities to the extent of HK\$31.7 million which can be utilised by those 51% owned subsidiaries. As at 30 June 2003, the outstanding amount of facilities utilised by those 51% owned subsidiaries amounting to approximately HK\$16.3 million (2002: HK\$21.5 million).

The Company through Ruian Technology Company Limited, its wholly owned subsidiary, entered into an acquisition agreement with Welback Enterprises Limited ("WEL"), its non-wholly owned subsidiary, to acquire the entire paid-up registered share capital of Ruian Weiye Technology (Shenzhen) Limited ("Ruian Weiye") at initial consideration of approximately of HK\$9,788,000 which was satisfied by setting off the loan due to the Company by WEL. The consideration was then adjusted to approximately HK\$9,224,000 due to an adjustment in the net asset value of Ruian Weiye as at 30 June 2003.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the interests of persons, other than a director or chief executive of the Company, in the shares of the Company as recorded in the register maintained pursuant to Section 336 of the SFO were as follows:

Name of shareholder	Number of ordinary shares held	% of issued shares
Achieve Well Group Limited	2,580,838,146	26.84%
Accurate Sino Holdings Limited	815,960,000	8.49%
Well Green Group Limited	492,100,000	5.12%
Hu Man Grace (Note 1)	2,580,838,146	26.84%
Lu Chieh-Kang (Note 2)	815,960,000	8.49%
Soedarsono Tanoewidjaja (Note 3)	492,100,000	5.12%

Notes:

1. Achieve Well Group Limited is wholly owned by Ms Hu Man Grace, and therefore Ms Hu Man Grace was deemed by virtue of the SFO to be interested in these shares.
2. Accurate Sino Holdings Limited is wholly owned by Mr Lu Chieh-Kang, and therefore Mr Lu Chieh-Kang was deemed by virtue of the SFO to be interested in these shares.
3. Well Green Group Limited is wholly owned by Mr Soedarsono Tanoewidjaja, and therefore Mr Soedarsono Tanoewidjaja was deemed by virtue of the SFO to be interested in these shares.

Other than as disclosed above, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company as at 30 June 2003.

CONVERTIBLE BONDS, SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the warrants, share options and convertible bonds set out in Notes 27 and 30 to the financial statements, the Company had no other outstanding convertible bonds, securities, options, warrants or similar rights as at 30 June 2003.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The largest customer of the Group by itself and together with the next four largest customers accounted for approximately 15% and 53% respectively of the Group's turnover for the year under review.

The largest supplier of the Group by itself and together with the next four largest suppliers accounted for approximately 9% and 19% respectively of the Group's purchases for the year under review.

As at 30 June 2003, to the knowledge of the directors of the Company, none of the directors, their associates or any shareholders owning more than 5% of the Company's share capital had any beneficial interests in the Group's five largest customers or the five largest suppliers mentioned in the preceding paragraphs.

SUBSEQUENT EVENTS

Details of the significant subsequent events are set out in Note 37 to the financial statements.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year ended 30 June 2003, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDITORS

Messrs HLB Hodgson Impey Cheng were appointed by the Board of Directors on 23 November 2001 to act as auditors of the Company to fill the casual vacancy arising from the resignation of Messrs Deloitte Touche Tohmatsu.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs HLB Hodgson Impey Cheng as auditors of the Company.

Apart from the foregoing, there were no other changes of auditors of the Company in any of the preceding three years.

On Behalf of the Board
Zhang Yiwei
Executive Director

Hong Kong, 28 October 2003