



Chairman's Statement

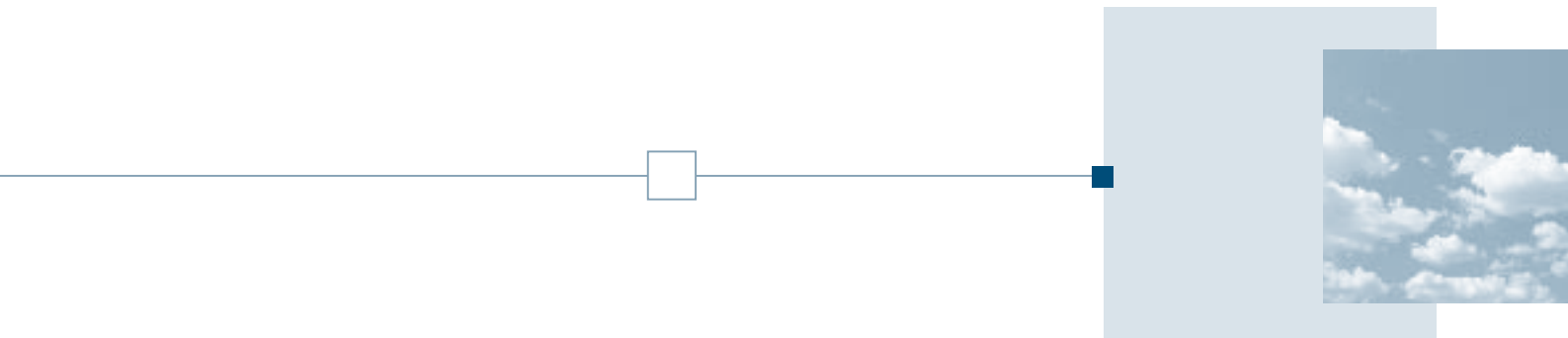


“ **Comba**

- **Leader in the wireless coverage market**
- **Ideal technology partner for our customers** ”



Fok Tung Ling
Chairman and Managing Director



The year of 2003 witnessed a year of challenges for the Group. There was an SARS outbreak globally and particularly in the PRC in the first half of the year. This not only affected our operations in certain parts of the PRC and our overseas business in South East Asia, but also delayed the IPO exercise of the Group. Nevertheless, as a result of our active measures in ensuring the impact on our business was kept to a minimum, we managed to overcome this challenge with satisfactory results for the whole year. In addition, the importance of localized sales and services network was again highlighted during the SARS outbreak. For instance, our prompt response to providing wireless coverage to Xiaotongshan hospital, the SARS specialized hospital in Beijing, has enhanced customer satisfaction while reinforcing our leadership position in the wireless coverage market in the PRC. The Company was successfully listed on the main board of the Hong Kong Stock Exchange on 15 July 2003. This marked another chapter of the development of the Group and has laid a good foundation for our future growth.

Business Review

Amid intense competition in the PRC market, we achieved a growth of 39.4% in turnover and 30.1% in net profit for the year ended 31 December 2003. More importantly, we have provided our customers with low-cost, high-efficiency wireless coverage solutions in order to help them to enhance the quality of their mobile network.

As a leader in the wireless coverage market, we endeavour to provide new products and new solutions which meet the needs of ever-changing mobile market. During the year, we launched numerous new products, including frequency shifting repeaters, BTS antennas, tower mounted amplifiers and tower mounted boosters. We also provided new and innovative services and solutions such as WLAN solutions, residential estate coverage solutions and solutions for railway and sea routes.



As a result of our business progress, we have strengthened our brandname in the wireless coverage market in the PRC with well-regarded reputation as the market leader. We are also well trusted by our customers nationwide as one of their technology partners.

We have implemented a series of cost control measures including regularly improving our production technology, optimising our supply chain thereby getting better terms from suppliers and employing tools like value engineering and just in time management. Coupled with our strong R&D capabilities in developing new products which provide our customers with value added services while benefiting our revenue, our gross margin in 2003 was sustained at a satisfactory level.

As far as the PRC market is concerned, while we have deepened our penetration in the markets where we already have a strong presence, we have diversified into inland and western provinces in order to tap the underserved markets and to broaden our customer base. As for the overseas

market, since the establishment of the first overseas sales office in Singapore in early 2003, despite the SARS outbreak, we managed to more than triple our overseas sales in Southeast Asia and India in 2003.

Business Outlook

On the product development front, while we continue to improve and expand our product line in wireless coverage to meet market needs, we will continue to devote resources in 3G mobile communication related products and services. In the second half of 2003, we developed a WCDMA repeater which is currently in the stage of product trial.

Since the acquisition of WaveLab in 2003, the Group has successfully developed certain models of digital microwave systems including outdoor units and indoor units in various frequency bands. Pilot production has started and field trials are being conducted in the PRC.



On the market side, we will continue to expand by strengthening our existing markets and penetrating into new markets domestically especially in the inland and western provinces. With the possible grant of 3G mobile licences in the foreseeable future, we see a tremendous potential with the new mobile operators.

As for the international market, we expect to be benefited from the global telecom market recovery and the high growth in the emerging markets. We will actively strengthen our overseas marketing efforts to introduce our quality products to our customers and potential customers worldwide. We are confident that overseas sales will achieve a substantial growth in 2004.

In addition to organic growth, we would also look at any M&A opportunities which can help our Group to expand our overseas markets, vertically integrate our supply chain effectively and enhance our R&D capabilities.

Last but not least, I would like to thank our customers for their continuous support during the year. I would also like to express our sincere appreciation to the Company's shareholders, business partners, bankers, fellow directors and our staff for their efforts and commitments. I am looking forward to another year of success in 2004.

Fok Tung Ling

Chairman and Managing Director

Hong Kong, 31 March 2004