

HUAWEI TECHNOLOGIES (UK) CO., LTD

COMPANY No. 04295981

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2002



Huawei Technologies (UK) Co., Ltd

Company Information

Directors

H. Li
T. Deng
Y. Sun

Secretary

H. Li

Registered Office

1st Floor Turnberry House
1404-1410 High Road
Whetstone
London N20 9BJ

Auditors

Kingston Smith
Devonshire House
60 Goswell Road
London
EC1M 7AD

Huawei Technologies (UK) Co., Ltd

Report of the Directors

The directors have pleasure in presenting their first report and financial statements for the period ended 31 December 2002.

Principal activities

The company was incorporated on the 28th September 2001 and commenced to trade on 1st January 2002.

The principal activities of the company throughout the period were that of a UK marketing agent of communications and network equipment for Huawei Group.

Directors

The following directors have held office since 28 September 2001:

H. Li
T. Deng
Y. Sun

Directors and their interests

The directors who served the company during the period together with their interests (including family interests) in the shares of the company at the beginning (or subsequent date of appointment) and end of the period, were as follows:

	Ordinary Shares of £ 1 each	
	31 December 2002	28 September 2001
H. Li	-	-
T. Deng	-	-
Y. Sun	-	-

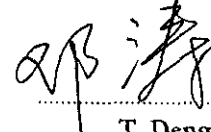
Auditors

Kingston Smith were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Small company rules

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

On behalf of the Board


T. Deng
Director

1st Floor Turnberry House
1404-1410 High Road
Whetstone
London N20 9BJ

Date: 22 May 2003

Huawei Technologies (UK) Co., Ltd

Directors' Responsibilities & Report of the Auditors

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Shareholders of Huawei Technologies (UK) Co., Ltd

We have audited the financial statements of Huawei Technologies (UK) Co., Ltd on pages 4 to 8 for the period ended 31 December 2002. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

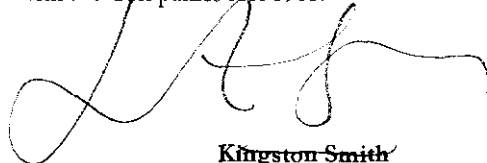
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Huawei Technologies (UK) Co., Ltd
Directors' Responsibilities & Report of the Auditors (Continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Kingston Smith

Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 21 July 2003

Huawei Technologies (UK) Co., Ltd
Profit and Loss Account
For the Period ended 31 December 2002

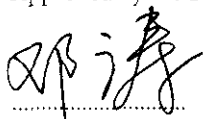
	Notes	Period ended 31 December 2002 £
Turnover		1,030,761
Administrative expenses		(999,996)
Profit on ordinary activities before taxation	2	30,765
Taxation	3	(12,000)
Profit on ordinary activities after taxation	8	18,765

Huawei Technologies (UK) Co., Ltd
Balance Sheet
As at 31 December 2002

	Notes	2002 £	£
Fixed Assets			
Tangible assets	4		68,246
Current Assets			
Debtors	5	78,223	
Cash at bank and in hand		302,178	
		<hr/>	
		380,401	
Creditors: Amounts falling due within one year	6	(409,221)	
		<hr/>	
Net Current Liabilities			(28,820)
Total Assets Less Current Liabilities			<hr/>
			39,426
			<hr/>
Capital and Reserves			
Called up share capital	7		20,661
Profit and loss account	8		18,765
			<hr/>
Shareholders' Funds			39,426
			<hr/>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on 22 May 2003



T. Deng
Director

Huawei Technologies (UK) Co., Ltd

Notes to the Financial Statements

For the Period ended 31 December 2002

1 Accounting Policies

a) Accounting basis and standards

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

b) Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	30% on cost
Computer equipment	30% on cost
Motor vehicles	30% on cost

c) Turnover

Turnover represents the invoiced value of goods and services provided net of value added tax.

d) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial period. All exchange differences are dealt with in the profit and loss account.

2 Operating Profit

2002

£

The operating profit is stated after charging:

Auditors' remuneration	13,000
Depreciation of tangible assets	15,512
Operating lease rentals - other assets	144,007

3 Taxation

2002

£

Domestic current year tax

U.K. corporation tax	12,000
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Current tax charge

12,000

Huawei Technologies (UK) Co., Ltd
Notes to the Financial Statements
For the Period ended 31 December 2002 (Continued)

4 Tangible Assets

	Leasehold improvement	Other tangible fixed assets	Total
	£	£	£
Cost			
At 28 September 2001	-	-	-
Additions	18,000	65,758	83,758
	<hr/>	<hr/>	<hr/>
At 31 December 2002	18,000	65,758	83,758
	<hr/>	<hr/>	<hr/>
Depreciation			
At 28 September 2001	-	-	-
Charge for the period	900	14,612	15,512
	<hr/>	<hr/>	<hr/>
At 31 December 2002	900	14,612	15,512
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2002	17,100	51,146	68,246
	<hr/>	<hr/>	<hr/>

5 Debtors

2002
£

Other debtors	78,223
	<hr/>

6 Creditors: Amounts Falling Due Within One Year

2002
£

Bank loans and overdrafts	995
Trade creditors	269,341
Amounts owed to group undertakings and undertakings in which the company has a participating interest	78,885
Corporation tax	12,000
Other creditors	48,000
	<hr/>
	409,221
	<hr/>

Huawei Technologies (UK) Co., Ltd
Notes to the Financial Statements
For the Period ended 31 December 2002 (Continued)

7	Called Up Share Capital	2002
		\$
	Authorised	
	200,000 Ordinary Shares of \$1 each	200,000
		<hr/>
		£
	Allotted, called up and fully paid	
	30,000 Ordinary Shares of \$1 each	20,661
		<hr/>

The company's share capital is denominated in US dollars. During the period 30,000 ordinary shares of \$1 each were allotted and fully paid at par for cash consideration of £20,661 to provide initial working capital. The authorised share capital is 200,000 shares of \$1 each.

8 Statement of Movements on Profit and Loss Account

2002	Profit and loss account
	£
Retained profit for the period	18,765
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9 Future Financial Commitments

a) Operating leases

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	2002
	£
Operating leases which expire:	
within one year	36,538
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10 Controlling Party

The immediate parent company is Huawei Tech. Investment Co. Limited, a company registered in Hong Kong. The ultimate parent undertaking is Huawei Technologies Co. Ltd, a company registered in China. During the year the company made sales of £1,030,761 to Huawei Tech. Investment Co. Limited of £1,030,76. At the year end a balance of £78,885 was due to the immediate parent company.