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Ref: CBC - Division A

PRIVATE AND CONFIDENTIAL

T & S Industrial Co Ltd/
Ascalade Communications Ltd/
Karce Co Ltd/Hong Shing Industrial Ltd/
Room 2901, 29/F, Wharf Cable Tower
No 9 Hoi Shing Road
Tsuen Wan
N T

Attn: Mr Tong Shek Lun

28 November 2003

Dear Sir

BANKING FACILITIES

T & S Industrial Co Ltd	(T&S)	A/C No 031-500572/007-210040
Hong Shing Industrial Ltd	(HSI)	A/C No 031-502792/007-297286
Karce Co Ltd	(Karce)	A/C No 031-500705/007-246978
Ascalade Communications Ltd	(ACL)	A/C No 032-558876/007-298466

With reference to our recent discussions, we advise having reviewed your banking facilities and offer a renewal within the following revised limits which will be made available on the specific terms and conditions outlined herein These facilities are subject to review at any time and, in any event by 30 September 2004, and also subject to our customary overriding right of suspension, withdrawal and repayment on demand, including the right to call for cash cover on demand for prospective and contingent liabilities

	Present	New
Combined Limit	HKD30,000,000.-	HKD50,000,000 -
Documentary Credits to your suppliers and Import Loan Facilities in either HKD or Foreign Currency for up to 90 days, less any usance/credit periods granted by your suppliers		
Within which, aggregate of the following sub-limits should not exceed	HKD30,000,000 -	HKD50,000,000 -
Sub-limit for goods under your control and/or trust receipts	HKD30,000,000 -	HKD50,000,000 -

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The Hongkong and Shanghai Banking Corporation Limited
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T & S Industrial Co Ltd/Ascalade Communications Ltd/
Karce Co Ltd/Hong Shing Industrial Ltd

28 November 2003

Interest on the HKD import loans will continue to be charged on a daily basis at our best lending rate. Interest on foreign currency import loans will continue to be charged on a daily basis at the prevailing interest rates, published by us as Trade Finance Rates, subject to fluctuation at our discretion

	Present	New
Sub-limit for Clean Import Loan	HKD20,000,000.-	HKD40,000,000.-

Interest will continue to be charged on a daily basis at our best lending rate. Maximum finance period is up to 90 days against your presentation of approved suppliers' invoice copies.

We may, at our sole and absolute discretion, refuse to allow drawings under the facilities if the transaction in question does not meet our operational requirements in respect of these facilities

Sub-limit for Overdraft	HKD2,000,000.-	HKD5,000,000.-

Interest will continue to be charged on daily balances at 1% per annum over our best lending rate.

Sub-limit for Revolving Loan	HKD5,000,000.-	HKD25,000,000.-

Interest on the loan will continue to be charged on a daily basis at our best lending rate. Each drawdown/rollover to be for periods of 1 to 6 months.

Sub-limit for Standby Documentary Credit line (Standby DC) - granted to T&S and ACL only	HKD15,000,000.-	HKD15,000,000.-

Commission at the rate of 0.875% per annum will continue to be payable to us up front for the validity of the Standby DC notwithstanding subsequent return/cancellation of the subject Standby DC before the expiry date. The amount will be debited to your current account with us

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	Present	New
Foreign Exchange Line		
Total Forward Contract Limit up to 6 months	HKD20,000,000.-	HKD20,000,000.-

Unless by prior arrangement, contracts entered into under this facility are not to exceed six months in duration. Contracts may only be entered into to cover trade related exchange exposure incurred in the normal course of business

Foreign Exchange facilities remain subject to our overriding right to call for cash cover on demand if in the Bank's view a negative foreign exchange position requires such cover. Further, the Bank may, after having discussed the position with yourselves, close out any or all of your outstanding forward foreign exchange contracts and demand settlement of the balance due

Foreign exchange contracts continue to be governed by the conditions appearing on the reverse of the standard contract form. These contract forms should be checked upon receipt and the copy signed and returned to the Bank

Interest on the above facilities will continue to be payable monthly in arrears to the debit of your current account. For your information, our best lending rate is currently 5% per annum, but subject to fluctuation at our discretion.

Please note that interest and other sums expressed to be chargeable or payable on a periodic basis will nonetheless accrue from day to day and amounts so accrued may be demanded at any time

Please also note that interest will be payable on sums which are overdue or overlimit (as well as amounts demanded and not paid) in respect of all or any of these facilities and such interest is the same as that charged by us from time to time on unauthorized overdrafts. Such interest will be payable monthly in arrears to the debit of your Current Account.

As security, we continue to hold:-

1. An Unlimited Cross Guarantee dated 28 October 2002 between T & S Industrial Co Ltd, Ascalade Communications Ltd, Karce Co Ltd and Hong Shing Industrial Ltd together with relative Board Resolutions.

2. A Corporate Guarantee dated 28 October 2002 for HKD60,000,000.- from Karce International Holdings Co Ltd for our advance to T & S Industrial Co Ltd, Ascalade Communications Ltd, Karce Co Ltd and Hong Shing Industrial Ltd together with a Board Resolution

3. Letters of Counter Indemnity to be obtained from T & S Industrial Co Ltd or Ascalade Communications Ltd for issuance of the relative Standby DC together with Board Resolutions

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T & S Industrial Co Ltd/Ascalade Communications Ltd/
Karce Co Ltd/Hong Shing Industrial Ltd

28 November 2003

A review fee of HKD5,000.- will be charged to the debit of your current account in name of T & S Industrial Co Ltd upon receipt of your acceptance to these facilities.

These facilities will remain open for acceptance until the close of business on 27 December 2003 and if not accepted by that date will be deemed to have lapsed.

Please note that all costs and expenses (including legal fees) incurred by us in connection with the extension of these facilities and any matters arising are to be reimbursed by you on demand.

Please arrange for the authorised signatories of your companies, in accordance with the terms of the mandate given to the Bank, to sign and return to us the duplicate copy of this letter to signify your confirmation as to the correctness of the security held, and your continued understanding and acceptance of the terms and conditions under which these facilities are granted.

Please note that Section 83 of the Banking Ordinance has imposed on us as a bank certain limitations on advances to persons related to our directors or employees. In acknowledging this Facility Letter you should advise us whether you are in any way related to any of our directors or employees within the meaning of Section 83 and in the absence of such advice we will assume that you are not so related. We would also ask, should you become so related subsequent to acknowledging this Facility Letter, that you immediately advise us in writing.

We are pleased to be of continued assistance

Yours faithfully

Matthew Tong

Matthew Tong
Relationship Manager
/ac

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Ascalade Communications Ltd	(ACL)	A/C No 032-558876/007-298466

We refer to our facility letter dated 28 November 2003 and confirm that we continue to hold a letter dated 28 October 2002 from Karce International Holdings Co Ltd undertakes to maintain gearing ratio at not more than 0.8, together with a Board Resolution.

"Gearing" means the ratio of "Total Interest Bearing Debt" to "Consolidated Tangible Net Worth plus Non-Redeemable Preference Shares and Minority Interest".

You will be required for so long as this facility is available to you to comply with the above undertaking. Your compliance or otherwise with the above undertaking will not in any way prejudice or affect our right to suspend, withdraw or make demand in respect of the whole or any part of the facilities made available to you at any time. By signing this letter, you expressly acknowledge that we may suspend, withdraw or make demand for repayment of the whole of any part of the facilities at any time notwithstanding the fact that the above undertaking is included in this letter and whether or not you are in breach of any such undertaking.

Apart from the foregoing, all other terms and conditions governing your banking facilities as stipulated in our aforesaid letter remain unchanged.

Please arrange for the authorised signatories of your companies, in accordance with the terms of the mandate given to the Bank, to sign and return to us the duplicate copy of this letter to signify your confirmation as to the correctness of the security held, and your continued understanding and acceptance of the terms and conditions under which these facilities are granted.

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Matthew Tong
Relationship Manager
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