

CHAIRMAN'S STATEMENT

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It is our Group's strategy to develop marketable products and to provide high quality sales service for our customers. We believe that the strong customers base of Tongda Group is one of our success factors. With the recommended reputation and the advantages within the prestige customers, Tongda Group will step further up in the coming future.

In associated with stable management team and our over 20 years' accumulated experience, we maintain our core businesses in the electronic products, electrical accessories and ironware parts. We look forward to the long-term development. During the serious economic downturn period, we target to penetrate into the market to increase our market share. Our Group believes that continuous research is the only survival mean and continued developing high value-added products will strengthen our competitiveness. Equipped with our market-oriented Research and Development Department, our Group will gradually remove relatively low profit margin products and targets to turn to a high profitability Group. In the coming future, our Group will focus on the high value-added products.

Diversification of our product mix will be continued. In the past, we have invested in optic fibres and satellite TV receiver businesses. In future, we will explore the communication market. Other business opportunities under negotiation, include smart card business, and manufacturing of accessories of mobile phone, BVT products and modems. Stepping into the communication business, we hope that the relatively high profit margin in this field will improve the overall profitability of the Group.

With the keen competition in the market, Tongda Group will streamline our management team, improving efficiency and lowering cost and develops a highly competitive working team to meet the new challenges in the coming date.

China, the "World factory", has attracted most of the top class manufacturers to establish manufacturing sites in the area. Being an experience and high quality ironware, electronic and electrical parts manufacturer, Tongda Group will strengthen the research to assist the world class electrical manufacturer developing the China market in turn, to improve the overall competitiveness and to continue enjoying the concept of "World factory".

We trust that the opening of the China market to foreigners and the inflow of capital into the China market will be continued. We believe that with our accumulated expertise, Tongda Group will continuously play an important role in this "World factory." Base on this core position in the China market, Tongda Group looks forward to step into the world markets including Australia, United States and Europe.