

OUTLOOK

Since the US economy is slowing down and the competition in the switches industry is keen, the Board considers the future business environment will be full of challenges. However, the Board is confident in facing such challenges and overcoming the difficulties ahead.

The Group will reorganize the operation structure and production flows and apply effectively the Group's resources in order to enhance the Group's profitability. The Group will put resources in promoting its products to the European market. For example, the Group is going to participate in more overseas electronics trade fairs and exhibitions to promote and raise the awareness of the Group's "MSC" brandname. The Group will also invest in the development of new products to increase its product models to meet international customers' requirement.

In addition, the Group had engaged Arthur Anderson (Shanghai) Business Consulting Co. Limited to advise it in relation to possible acquisitions of non-performing loans from financial institutions in the PRC. No specific opportunity has been identified and no decision has been made by the Board. The Group is still exploring business opportunities such as pharmaceutical business with latest bio-chemical and genetic engineering results and logistic management business. The Group will study any opportunities which will enhance its value.