

PROSPECTS

Recent published data showed that the US economy is picking up. This is expected to spread to other global markets, reviving the growth trend in the longer run. The directors are cautiously optimistic of the Group's future, and that the Group's investment and expansion plans will provide future growth and value to its shareholders. In particular, the increasing concern about public safety and personal privacy post 911 incident has resulted in a surge in demand for secure communications and defense quality radio systems by the public as well as the private sectors across the board, giving promise to higher margin business and new opportunities for the Group's comprehensive security solutions.

Looking ahead, China remains the Group's largest market. With closer links between Hong Kong and the Mainland through the proposed CEPA (Closer Economic Partnership Arrangement); China's recent accession to the WTO; and further beyond, Beijing's hosting of the Olympic Games in 2008, the Group is well positioned to seize the exciting and enormous opportunities ahead. The focus will be on Information Technology for the Public (ITTP), which includes the sectors of public safety, public transportation, public utility, and public convenience, the last of which through the applications of smart cards. To this end, co-operation and strategic alliances with industry leaders and international technology partners will continue to be forged.