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## FUTURE PLANS

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Our objective is to capture the continuing growth opportunities in the outsourcing trend of the consumer electronics, communications and automotive electronics sectors, enhance profitability as well as maximise shareholder value. To achieve this objective, we intend to continue to capitalise on our strong manufacturing capabilities and low-cost base by participating in the strong growth, high profit-margin and large volume segments of the consumer electronics, communications and automotive electronics sectors by delivering vertically-integrated manufacturing solutions to global reputable leading customers in such respective segments, and through the implementation of the following initiatives described in the section headed “Business — Corporate Strategies and Key Strengths”:

- diversification into the manufacturing of automotive electronics products by actively pursuing research and development in this sector such as GPS and CMOS image sensor modules for car parking system;
- expansion of our relationships with existing customers to increase the volume of existing products and to include new products that they outsource to us;
- collaboration with our customers to identify changing customer needs and market demand in order to develop new products as well as improve existing product and module design and our manufacturing process;
- identification and development of relationships with new customers through strategic partnerships with component suppliers and design houses and through engaging more external sales representatives, agents and distributors both overseas and in the PRC;
- advances in our product and module design and development, and product industrialisation capabilities, with a focus on the areas employing optical, acoustic and RF technologies;
- widening and advancing further our range of design and manufacturing technologies, including the upgrading of our clean room from class three thousand level to class one thousand level and class one hundred level and investment in production technology advancement which will allow us to handle optical devices of higher imaging resolutions and also extending our ability to handle CMOS image sensors in various package forms;
- implementation of initiatives to continuously lower our cost structure;
- increasing the flexibility and efficiency of our manufacturing process;
- implementation of initiatives on continuous quality improvement; and
- attraction and retention of experienced and dedicated management team and engineers in the industry.

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To further segregate our operations from those of Zastron's and to cater for future expansion of production capacity, we are in the course of building a new office and a new factory of a total gross floor area of approximately 29,005.3 square metres on a piece of vacant land, having a site area of approximately 26,313.9 square metres, adjacent to our existing production site. We have budgeted US\$20.0 million to cover the costs of construction and fixtures and equipment for the new office and new factory. The construction is financed by internal cash resources. We expect construction to be completed by the end of 2004. Once the new factory is completed, we expect to relocate our existing production facilities to the new factory in the second quarter of 2005 and the floor space of our production area will be increased by approximately 100%. After the relocation, additional manufacturing space and office space currently occupied by us will be occupied by Zastron pursuant to our lease arrangement with Zastron. We believe that the capacity of our new factory is sufficient to support our short to medium term business growth. In order to increase our production capacity to facilitate our long term growth, we may acquire land in the PRC and construct thereon new factories using internal cash resources or alternatively we may re-occupy the factory leased to Zastron. Save as disclosed above, we currently do not have any future plan that is expected to require a substantial capital commitment.