



PROSPECTS

While the global economy remains weak and lack luster, the economy of the PRC remains strong with solid growth. The active fiscal policy and the stable monetary policy implemented by Chinese government have brought prominent results to the economy and have effectively stimulated the growth of domestic demand. According to an authoritative estimate, the economy of the PRC will continue to maintain stable growth this year. The success in bidding the Olympic Games by Beijing and in becoming a member of World Trade Organization ("WTO") will provide new driving forces for the economic development of the PRC. This will lay a solid macro economic foundation for the Company to pursue further growth in our businesses.

As it will take some time for the global information industry and the domestic telecommunication equipment manufacturing industry to consolidate, we believe that there will be no significant change in the respective market in the second half of this year. As such, in order to improve our product structure and profitability, the Company will continue to increase the output of the Multi-layered PCB and LCM products based on these demands. The expansion project of Shennan will commence production in the second half of this year. It is expected that the domestic LCD mould market for the mobile phone will provide a ready market for our company. Leveraged on our technological advantage and established market, the Company will develop the new market for our PCB and LCD products so as to improve the market structure and diversify business risks.

The Company considers the information industry is a new hi-tech industry characterized by fast changing and evolving technology. To survive and establish our market position in this highly competitive environment, and create value for our shareholders, the Company's only way out is to capitalize the market trend in time and actively develops innovative technology and products. In particular, with the imminent accession of the PRC into WTO, the Company needs to strengthen our mentality and builds up our strength to enter the global market by exposing our scope to an international level and enhancing our risk awareness. To strictly adhere to this goal, the Company upgrading its business with an across the millennium expansion project of Shennan and injected RMB353 million to build production lines for STN-LCD and LCM so as to enhance the future competitiveness of its core business. We have reasons to believe that, with the global macro-economy recovering and the telecommunication policy of the PRC becoming clearer in the future, the Company will have more development opportunities and provide satisfactory returns to our shareholders.