



Chairman's Statement

Dear Shareholders,

It is my honor to present, on behalf of the Board, the annual report of the Group for 2004 to our shareholders, partners and supporters who are concerned about the Group.

Thanks to the rapid growth of the domestic economy and the Group's continuous improvement in product quality and customer service, the performance of its core businesses for the year was outstanding, with 48.83% and 47.76% increases in consolidated sales revenue and overall gross profits respectively over the previous year. In particular, LCD and PCB operations posted an encouraging trend of continuous and rapid growth. However, since the carrying value of the stocks in Amoi Electronics Company Limited held by the Group for the establishment of strategic alliance incurred a substantial loss and provision was made, I regret to report that a consolidated loss of RMB20,609,000 was recorded by the Group.

In 2005, the Group's operations will face severe challenges from surging raw materials' price, as well as the pressure from enhancement of marketing and internal management abilities. The major adjustment of RMB exchange system, if any, will also bring about various uncertainties to the Group's business development. However, I am still confident about the performance of the Group's operations in 2005.

Thanks to the efforts made by all staff member over the years, our core businesses have established leading positions in the PRC, laying a solid foundation for its future growth. Under the industrial backdrop of globalization, it is expect that the Group would be able to get even closer with the advanced international level. Further restructuring in our relevant businesses and investment in new projects according to development needs will be made at the appropriate timing in view to enhance the competitiveness of our businesses. In addition, we will review and improve our overall corporate governance efforts to ensure a healthy and continuous growth of the Group's performance.

Finally, on behalf of the Board, I would like to extend my sincere gratitude to our dedicated and devoted staff, and shareholders and clients for their full support for the Group.

Wu Guang Quan

Chairman

Shenzhen, PRC, 14th April 2005