

The Directors of SameTime Holdings Ltd. (the "Company") are pleased to present the Group's Interim Report and condensed accounts for the six months ended 30th September 2003. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six months ended 30th September 2003, and the consolidated balance sheet as at 30th September 2003 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 7 to 18 of this report.

BUSINESS REVIEW AND PROSPECTS

Operation review

The Group attained a good progress in turnover of an increase of 42% to HK\$287,653,611 (2002: HK\$203,310,703) for the six months ended 30th September 2003 whereas the profits before taxation increased to HK\$6,569,549 (2002: HK\$3,048,424) representing a significant improvement of 116% compared to the last corresponding period.

The significant improvement on both turnover and profit was mainly due to the encouraging result of printed circuit boards business in the period. The turnover of printed circuit boards, now accounting for 73% of the total turnover, increased from an average of HK\$20 million per month in the last corresponding period to HK\$35 million per month in the current period. The major markets include Europe, America, South East Asia, and Hong Kong etc. which account for 34%, 24%, 23% and 19% of the total sales respectively. In comparison to past years, Group has developed more strength on the overseas market.

The electronic business which accounts for 27% of the total turnover was break-even this year under the competitive electronic market situation.

A loss of HK\$6 million is recorded upon disposal of a piece of industrial land in the PRC.

A provision of HK\$1.8 million was made for deferred tax liabilities.

Prospect

The development of printed circuit boards business has become the major source of Group's profitability. Maximizing the utilization of the established facilities and moving towards hi-technology are the management's aims. Only by keeping such target tight, could we attain growth on market share and develop interests from the new buyers.

We are looking optimistically on better rewards in ensuing years for our past efforts.

Number and remuneration of employees, remuneration policies, bonus and share option schemes

As at 30th September 2003, approximately 3,055 staff and workers were employed in our Chang An Factory and Feng Gang Factory, and approximately 47 staff were employed in the Group's Hong Kong Office. Employees' costs, excluding directors' remuneration, amounted to HK\$26.4 million for the period ended 30th September 2003 (2002: HK\$22.7 million). Remuneration packages are generally structured with reference to the prevailing market practice and individual qualifications. The remuneration policies of the Group are normally reviewed on a periodic basis.

SHARE OPTIONS

The Company's share option scheme (the "Scheme") was adopted on 4th March 1992, prior to amendments to Chapter 17 of the listing rules of the Stock Exchange of Hong Kong Limited which came into effect on 1st September 2001. As the Scheme does not comply with the listing rules of the Stock Exchange of Hong Kong Limited as amended, the Company cannot grant any further options under the Scheme. However, all options granted prior to 1st September 2001 shall remain in full force until expiry.

As at 1st April 2003, 9,410,000 options were held by contract employees. No options were granted, exercised or cancelled during the period. All the outstanding options were expired on 28th August 2003.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's borrowings are primarily denominated in Hong Kong dollars and RMB. The Group has no significant exposure to foreign exchange fluctuations.

LIQUIDITY AND FINANCIAL CONDITION

At 30th September 2003, the total borrowings of the Group, including obligations under finance leases, amounted to HK\$102,800,000 (31/3/2003: HK\$97,000,000) which were payable in Hong Kong dollars and RMB. The Group's gearing ratio at 30th September 2003, which was calculated as the ratio of all bank borrowings and long term liabilities to shareholders' funds, was 52% (31/3/2003: 50%).