

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 2004. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six months ended 30th September 2004, and the consolidated balance sheet as at 30th September 2004 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 6 to 16 of this report.

BUSINESS REVIEW AND PROSPECTS

Business Review

For the six months ended 30th September 2004, the turnover of the Group amounted to HK\$335 million (2003: HK\$288 million) representing an increase of 16% compared with last corresponding period whereas profit before taxation amounted to HK\$32 million (2003: HK\$7 million) representing an increase of 357% compared with last corresponding period.

The significant improvement on both turnover and profit was mainly contributed by the encouraging performance for the printed circuit boards business. The average monthly turnover of the printed circuit boards, which accounted for 84% of the total turnover, increased from HK\$35 million in the last corresponding period to HK\$47 million in the current period. Now the Group's major sales market included Europe, America, South East Asia and Hong Kong and Mainland China which accounted for 37%, 21%, 15% and 27% of the total sales respectively.

For the electronic business, despite facing the keen competition, the Group can still maintain a profit of HK4 million (2003: HK\$ 0.03 million) for the current period.

Impairment loss of HK\$2.5 million has been provided for one leasehold land and building in the accounts for the current period.

Prospect

It is expected that the printed circuit boards business of our Group will continue to enjoy growth. In order to meet the rising demand and the various design requirements of our customers, we will continue to dedicate more resources on the capital expenditure to increase the capacity and quality of our production. Meeting the international environmental standards, moving towards hi-technology and providing high-quality customer services are also our management's aim so as to increase the Group's competitiveness.

Based on our continuous effort, we believe that the Group will get better rewards in ensuing years.

Number and remuneration of employees, remuneration policy and bonus

As at 30th September 2004, approximately 2,541 staff and workers were employed in our Chang An Factory and Feng Gang Factory and approximately 40 staff were employed in the Group's Hong Kong Office. Employees' costs, excluding directors' remuneration, amounted to HK\$24 million for the period ended 30th September 2004 (2003: HK\$26 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.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

LIQUIDITY AND FINANCIAL CONDITION

At 30th September 2004, the total borrowings of the Group, including obligations under finance leases, amounted to HK\$137 million (31/3/2004: 87 million) which were payable in Hong Kong dollars and Renminbi. The Group's gearing ratio at 30th September 2004, which is calculated as the ratio of all bank and other borrowings to shareholders' funds, was 57% (31/3/2004: 40%)

Of the Group's total borrowings, approximately HK\$88 million (64%) is due within one year, approximately HK\$24 million (18%) is due in more than one year but not exceeding two years and the remaining balance of approximately HK\$25 million (18%) is due in more than two years but not exceeding five years.

At 30th September 2004, the total banking facilities granted to the Group amounted to HK\$131 million (31/3/2004: 92.4 million) of which HK\$86 million (31/3/2004: 63.8 million) were utilised. These facilities are secured by:

- (a) corporate guarantees issued by the Company;
- (b) cross corporate guarantees issued by certain companies within the Group;
- (c) a legal charge on the leasehold land and buildings with a net book value of HK\$48.2 million (31/3/2004: 36.1 million).