

REPORT OF THE DIRECTORS 董事會報告書

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2005.

CHANGE OF COMPANY NAME

Pursuant to a resolution passed at the annual general meeting of the Company held on 24 August 2004 and approved by the Registrars of Companies of Bermuda and Hong Kong, the name of the Company was changed from Suwa International Holdings Limited to Daisho Microline Holdings Limited with effect from 1 September 2004.

The Chinese translation of the Company name for identification purposes was changed from 秀華國際集團有限公司 to 大昌微綫集團有限公司.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consist of investment holding and the manufacture and trading of printed circuit boards. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The Group's loss for the year ended 31 March 2005 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 26 to 68.

董事會提呈本公司及本集團截至二零零五年三月三十一日止年度之董事會報告書及經審核財務報告。

更改公司名稱

根據在二零零四年八月二十四日股東週年大會上通過之決議案及百慕達與及香港公司註冊處之批准，本公司之名稱由「Suwa International Holdings Limited」更改為「Daisho Microline Holdings Limited」，並於二零零四年九月一日起生效。

而本公司亦採納新中文名稱「大昌微綫集團有限公司」，取代舊名稱「秀華國際集團有限公司」，以資識別。

主要業務

本公司之主要業務為投資控股，而附屬公司之主要業務包括投資控股與製造及銷售綫路板。本年度內，本集團之主要業務並無變更。

業績

本集團截至二零零五年三月三十一日止年度之虧損與本公司及本集團於該日之財務狀況載於第26至68頁之財務報告。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

SUMMARY FINANCIAL INFORMATION

財務資料概要

The results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of the Group, are set out below.

本集團於過往五個財政年度之業績與資產及負債載列如下，此等資料乃摘錄自本集團之經審核財務報告。

		Year ended 31 March 截至三月三十一日止年度				
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2001 二零零一年 HK\$'000 港幣千元
RESULTS	業績					
TURNOVER	營業額	<u>258,237</u>	<u>241,666</u>	<u>237,840</u>	<u>181,511</u>	<u>170,729</u>
PROFIT/(LOSS) BEFORE TAX	除稅前溢利/ (虧損)	<u>(14,265)</u>	<u>(5,452)</u>	<u>3,315</u>	<u>(25,505)</u>	<u>(12,765)</u>
Tax	稅項	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,796</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	股東應佔純利/ (虧損淨額)	<u>(14,265)</u>	<u>(5,452)</u>	<u>3,315</u>	<u>(25,505)</u>	<u>(9,969)</u>
		At 31 March 於三月三十一日				
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2001 二零零一年 HK\$'000 港幣千元
ASSETS AND LIABILITIES	資產及負債					
Non-current assets	非流動資產	<u>135,745</u>	<u>139,053</u>	<u>153,620</u>	<u>183,734</u>	<u>115,959</u>
Current assets	流動資產	<u>111,374</u>	<u>88,615</u>	<u>109,276</u>	<u>78,440</u>	<u>113,612</u>
TOTAL ASSETS	總資產	<u>247,119</u>	<u>227,668</u>	<u>262,896</u>	<u>262,174</u>	<u>229,571</u>
Current liabilities	流動負債	<u>106,935</u>	<u>80,082</u>	<u>114,480</u>	<u>96,832</u>	<u>58,034</u>
Non-current liabilities	非流動負債	<u>15,634</u>	<u>8,945</u>	<u>4,184</u>	<u>23,923</u>	<u>8,023</u>
TOTAL LIABILITIES	總負債	<u>122,569</u>	<u>89,027</u>	<u>118,664</u>	<u>120,755</u>	<u>66,057</u>
		<u>124,550</u>	<u>138,641</u>	<u>144,232</u>	<u>141,419</u>	<u>163,514</u>

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 12 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

There were no movements in either the Company's authorised or issued share capital during the year.

Details of the Company's share capital and movements in share options during the year, together with the reasons therefor, are set out in notes 21 and 22 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 23(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2005, the Company's reserves available for cash distribution and distribution in specie were HK\$13,317,000 (2004: HK\$13,297,000). In addition, the Company's share premium account in the amount of HK\$90,038,000 (2004: HK\$90,038,000) may be distributed in the form of fully paid bonus shares.

固定資產

本集團固定資產之變動詳情，載於財務報告附註12。

股本及股份期權

本公司法定及已發行股本於本年度內並無變動。

本公司股本之詳情及股份期權在本年度內之變動及其原因，分別載於財務報告附註21及22。

優先購買權

本公司之公司細則或百慕達法例並無任何優先購買權之規定。優先購買權是指本公司在發售新股時必須按現有股東之持股比例向彼等配售新股。

購回、出售或贖回本公司上市證券

本年度內，本公司或其任何附屬公司概無購回、出售或贖回本公司之上市證券。

儲備

本年度內本公司及本集團之儲備變動詳情，分別載於財務報告附註23(b)及綜合權益變動表。

可分派儲備

於二零零五年三月三十一日，本公司可作現金及實物分派之儲備為港幣13,317,000元（二零零四年：港幣13,297,000元）。此外，本公司之股份溢價賬數額港幣90,038,000元（二零零四年：港幣90,038,000元）可以繳足紅股方式分派。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of the Group's purchases and sales attributable to major suppliers and customers are as follows:

a. Percentage of purchases attributable to the:	
–largest supplier	20%
–five largest suppliers	50%
b. Percentage of sales attributable to the:	
–largest customer	32%
–five largest customers	61%

Save as disclosed under the heading "Connected transactions and continuing connected transactions" below in this report, none of the directors of the Company, or any of their associates, or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers and customers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Executive directors:

Chan Sik Ming, Harry
Lo Sun Wah
Motofumi Tsumura
Hiroto Sasaki
Hiroyuki Kikuchi
Au-Yeung Wai Hung

Independent non-executive directors:

Taro Akashi
Kohu Kashiwagi
Chan Yuk Tong (appointed on 1 September 2004)

主要供應商及客戶

主要供應商及客戶佔本集團採購額及銷售額之百分比如下：

a. 佔採購額之百分比：	
– 最大供應商	20%
– 五大供應商	50%
b. 佔銷售額之百分比：	
– 最大客戶	32%
– 五大客戶	61%

除在本報告書下方標題為「關連交易及持續關連交易」當中披露之情況外，本公司各董事、彼等之聯繫人士或據董事會所知擁有本公司已發行股本5%以上之股東，概無擁有五大供應商及客戶之任何實質權益。

董事

本年度內及截至本報告書刊發日期止本公司之董事如下：

執行董事

陳錫明
勞新華
津村元史
佐佐木弘人
菊地弘之
歐陽偉洪

獨立非執行董事

明石太郎
柏木紘宇
陳育棠 (於二零零四年九月一日委任)

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

DIRECTORS (Continued)

In accordance with bye-law 99(A) of the Company's bye-laws, Motofumi Tsumura, Hiroto Sasaki and Taro Akashi will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with bye-law 102 of the Company's bye-laws, Chan Yuk Tong will retire and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set out on pages 12 to 13 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory obligation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

董事 (續)

根據本公司之公司細則第99(A)條，津村元史、佐佐木弘人及明石太郎輪值告退，惟彼等願於應屆股東週年大會上膺選連任。

根據本公司之公司細則第102條，陳育棠告退，惟彼等願於應屆股東週年大會上膺選連任。

董事履歷

本公司董事之履歷詳情載於本年報第12至13頁。

董事之服務合約

擬於應屆股東週年大會上膺選連任之各董事並無與本公司訂立若無作出賠償（惟法定賠償除外）不可於一年內終止之服務合約。

董事於合約中之權益

本年度內，各董事概無於本公司或其任何附屬公司所訂立之任何重大合約中，直接或間接擁有重大實質權益。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2005, the interests and short positions of the directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position in ordinary shares of the Company:

Name of director 董事姓名	Directly beneficially owned 實益直接擁有	Beneficiary of a trust 信託受益	Total 合計	Percentage of the Company's issued share capital 本公司已發行 股本之百分比
Chan Sik Ming, Harry 陳錫明	34,480,000	57,443,417 (Note) (附註)	91,923,417	19.73

Note: Chan Sik Ming, Harry, and his family are the objects of a discretionary trust which has appointed Earnwell Limited as its trustee. At the balance sheet date, Earnwell Limited held 57,443,417 shares representing approximately 12.33% of the issued share capital of the Company.

董事於股份及相關股份之權益或淡倉

於二零零五年三月三十一日，董事於本公司或其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份及相關股份中擁有本公司須記錄於證券及期貨條例第352條規定置存之記錄冊內之權益或淡倉，或須根據上市公司董事進行證券交易的標準守則知會本公司及香港聯合交易所有限公司（「聯交所」）之權益或淡倉如下：

於本公司普通股份之好倉：

附註：陳錫明及其家屬為一全權信託基金之受益人，而該基金委任Earnwell Limited為其信託人。於結算日，Earnwell Limited持有股份57,443,417股，約佔本公司已發行股本的12.33%。

The interests of the directors in the share options of the Company are separately disclosed in note 22 to the financial statements.

董事於本公司股份期權之權益另外於財務報告附註22內披露。

Save as disclosed above, as at 31 March 2005, none of the directors had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

除上文披露者外，董事於本公司或其任何相聯法團之股份及相關股份中概無擁有須記錄於證券及期貨條例第352條規定置存之記錄冊內之權益或淡倉，或須根據上市公司董事進行證券交易的標準守則知會本公司及聯交所之權益或淡倉。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2005, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name 姓名	Capacity and nature of interest 身份及權益之性質	Number of ordinary shares held 所持股份數目	Percentage of the Company's issued share capital 本公司已發行 股本之百分比
Lau Wing Hung 劉學宏	Directly beneficially owned 實益直接擁有人	68,078,000	14.61
Earnwell Limited	Trustee 信託人	57,443,417	12.33
Daisho Denshi Co., Ltd. 大昌電子株式會社	Directly beneficially owned 實益直接擁有人	50,000,000	10.73
Easy Gain Limited	Trustee 信託人	47,984,416	10.30

Save as disclosed above, as at 31 March 2005, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 22 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

主要股東及其他人士之股份及相關股份之權益

於二零零五年三月三十一日，依據證券及期貨條例第336條本公司須保存之權益登記冊所載，持有本公司股本5%或以上權益之股東如下：

好倉：

Name 姓名	Capacity and nature of interest 身份及權益之性質	Number of ordinary shares held 所持股份數目	Percentage of the Company's issued share capital 本公司已發行 股本之百分比
Lau Wing Hung 劉學宏	Directly beneficially owned 實益直接擁有人	68,078,000	14.61
Earnwell Limited	Trustee 信託人	57,443,417	12.33
Daisho Denshi Co., Ltd. 大昌電子株式會社	Directly beneficially owned 實益直接擁有人	50,000,000	10.73
Easy Gain Limited	Trustee 信託人	47,984,416	10.30

除上文披露者外，除本公司董事之權益載於上述「董事於股份及相關股份之權益或淡倉」外，概無其他人士之股份及相關股份須記錄於證券及期貨條例第336條規定置存之記錄冊內之權益或淡倉。

董事購買股份或債券之權利

除於財務報告附註22股份期權計劃披露者外，本年度內任何時間，本公司或其任何附屬公司概無授予權利或參與任何安排，使本公司之董事、彼等之配偶或未成年子女可透過購買本公司或任何其他法人團體之股份或債券而獲益，或有關人士並無行使任何此等權利。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following connected and continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Continuing connected transactions

During the year, the Group had continuing connected transactions with Daisho Denshi (H.K.) Limited, a subsidiary of Daisho Denshi Co., Ltd. which is a substantial shareholder of the Company for the sale of printed circuit boards amounting to approximately HK\$29 million (2004: *approximately HK\$36 million*) conducted in the ordinary and usual course of the Group's business.

Pursuant to the Company's special general meeting on 31 March 2004, an ordinary resolution was passed to approve the sales transactions with Daisho Denshi Co., Ltd. and its subsidiary (the "Daisho Denshi Group") and the maximum aggregated annual value for these sales transactions was set at HK\$132 million for each of the three financial years ending 31 March 2007.

The independent non-executive directors of the Company have reviewed the continuing connected transactions with the Daisho Denshi Group as set out above and have confirmed that these sales transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms;
- (iii) in accordance with the terms of the relevant agreements governing these sales transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (iv) with an aggregate annual value of these sales transactions not exceeding HK\$132 million for the year ended 31 March 2005.

關連交易及持續關連交易

本年度內，本集團有以下關連及持續關連交易，若干詳情的披露已遵守香港聯合交易所有限公司上市規則（「上市規則」）第14A章之規定。

持續關連交易

本年度內，本集團在日常一般業務過程中有銷售綫路板予本公司之一位主要股東 — 大昌電子株式會社之一間附屬公司大昌電子（香港）有限公司之持續關連交易，金額約為港幣29,000,000元（二零零四年：約港幣36,000,000元）。

本公司於二零零四年三月三十一日在股東特別大會上，以普通決議案通過批准與大昌電子株式會社及其附屬公司（「大昌電子集團」）之銷售交易，而此等銷售交易在截至二零零七年三月三十一日止三個財政年度內每年的最高總價值以港幣132,000,000元為上限。

本公司獨立非執行董事已審閱上述與大昌電子集團之持續關連交易，並確認此等銷售交易乃按照以下情況進行：

- (i) 本集團日常一般業務過程中；
- (ii) 一般商業條款；
- (iii) 規範此等銷售交易之相關協議中對本公司股東整體而言乃屬公平及合理而且符合其利益之條款；及
- (iv) 此等銷售交易全年截至二零零五年三月三十一日止年度之總價值並未超過港幣132,000,000元。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

In the opinion of the directors of the Company, the continuing connected transactions during the year ended 31 March 2005 have been entered into in the manner stated above.

In addition to the above, on 1 December 2003, the Group entered into an agreement with a connected person for the provision of consultancy services to the Group in relation to the marketing and sale of printed circuit boards. Consultancy fees of HK\$960,000 (2004: HK\$320,000) were paid to the connected person, who is a corporate entity in which a director and shareholder is a substantial shareholder and former director of the Company. Such consultancy fees were determined by mutual agreement.

Connected transactions

During the year, the Group paid technical support fees of HK\$742,000 (2004: Nil) to Daisho Denshi Co., Ltd. for the provision of technological advice on the manufacture of printed circuit boards.

DIRECTOR'S INTEREST IN A COMPETING BUSINESS

During the year and up to the date of this report, the following director is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, as set out below:

Mr. Hiroto Sasaki is also a director of Daisho Denshi Co., Ltd., which is also involved in the manufacture and trading of printed circuit boards.

As the board of directors of the Company is independent from the board of directors of Daisho Denshi Co., Ltd. and the above director does not control the board of the Company, the Group is capable of carrying on its business independently of, and at arm's length from, the business of Daisho Denshi Co., Ltd..

關連交易及持續關連交易 (續)

持續關連交易 (續)

本公司董事會認為，在本年度內截至二零零五年三月三十一日止之持續關連交易乃按照上述之方式進行。

附上述外，於二零零三年十二月一日，本集團與一位關連人士訂立一份關於提供線路板營銷顧問服務予本集團之協議。本集團支付港幣960,000元（二零零四年：港幣320,000元）之顧問費予該關連人士，彼為一間法人個體，而其一位董事及股東乃本公司一位主要股東及前任董事。該顧問費乃按雙互協議訂立。

關連交易

本年度內，本集團支付港幣742,000元（二零零四年：無）之技術支援費予大昌電子株式會社作為提供製造線路板之技術建議。

董事於競爭業務之權益

本年度內及截至本報告書刊發日期止，下列董事被認為於下述根據上市規則之定義存在與本集團業務上有直接或間接競爭或可能競爭業務之權益：

佐佐木弘人先生是從事製造及銷售線路板業務的大昌電子株式會社之董事。

由於本公司的董事局獨立於大昌電子株式會社的董事局，而上述董事並無控制本公司董事局，故本集團能獨立於大昌電子株式會社的業務正常地經營其業務。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's bye-laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chan Sik Ming, Harry

Chairman

Hong Kong

22 July 2005

最佳應用守則

本公司獨立非執行董事之委任並非按上市規則附錄14所載之最佳應用守則第7段必須有指定年期之規定，而是按本公司之公司細則於本公司之股東週年大會上輪值告退及重選連任。除此以外，董事會認為本公司在本年報涵蓋之會計期間內一直遵守最佳應用守則。

審核委員會

本公司之審核委員會乃根據上市規則第3.21條之規定而成立，其主要目的為檢討及監督本集團之財務報告過程及內部監控。審核委員會由本公司三位獨立非執行董事組成。

核數師

安永會計師事務所任滿告退，續聘該公司為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

陳錫明

主席

香港

二零零五年七月二十二日