

As at 30 September 2005, the Group's current assets and total liabilities were mostly denominated in either HK\$ or US\$. Because the exchange rate for US\$ against HK\$ is relatively stable in Hong Kong for the moment, the Group does not expect any significant exchange difference relating to its assets or liabilities denominated in US\$. Besides, the Group's subsidiary in Mainland China has net assets value as at 30 September 2005 and will be able to finance its operating expenses out of its trading receipts. Although the exchange rate for Renminbi ("RMB") against HK\$ is likely to appreciate in the near future, it is generally expected that the extent of such likely appreciation will not be significant. Hence, the Group's net exposure to fluctuation in exchange rates for US\$ and RMB is insignificant and therefore the Group has not adopted any foreign currency hedging tool.

EMPLOYEE BENEFITS

As at 30 September 2005, the Group had 1,390 (31 March 2005: 1,169) employees, including directors, working mainly in Mainland China. For the period ended 30 September 2005, the Group's total staff costs including directors' remuneration were HK\$14,880,000 (2004: HK\$11,605,000).

According to the Group's staff remuneration policy, the remuneration of an employee is determined by the Board from time to time with reference to his performance and duties, the performance and profitability of his employer and the prevailing market conditions.

OUTLOOK

The Group's turnover and earnings have shown an upward trend since April 2005. The Group's operating results for the second quarter of the current period was much better than that for the first quarter of the current period. Because the Group's PCB plants have been operating at full capacity and confronting production bottleneck problem during the third quarter of the current financial year, the Group has planned to acquire more machinery and equipment so as to keep pace with the rosy sales forecast from the customers. When these additional machinery and equipment are fully installed during the fourth quarter of the current financial year, the Group's turnover will record another breakthrough.

於二零零五年九月三十日，本集團之流動資產及總負債大部份均以港幣或美元為結算單位。由於現時美元兌港幣之匯率一直維持穩定，故此本集團並未預期以美元為結算單位的資產及負債存有重大的外匯差異。此外，本集團在中國大陸之附屬公司於二零零五年九月三十日有淨資產值，以及其收取的人民幣銷售收益，足夠支付其人民幣經營費用。雖然人民幣兌港幣的匯率在不久將來可能升值，但一般預期不會有重大的升幅。故此本集團因美元或人民幣匯率波動而承受之風險並不重大，亦因此並無採用外匯對沖工具。

僱員福利

於二零零五年九月三十日，本集團包括董事在內共有僱員1,390人（二零零五年三月三十一日：1,169人），而大部份僱員皆在中國大陸工作。截至二零零五年九月三十日止期間，本集團包括董事酬金在內的總員工成本為港幣14,880,000元（二零零四年：港幣11,605,000元）。

根據本集團的員工報酬政策，僱員的報酬由董事會參考其工作表現及職責、其僱主的業績及盈利水平以及現行市場情況而不時釐定。

前景

本集團的營業額及盈利從二零零五年四月起顯示上升趨勢，而本期間第二季度的經營業績比第一季度表現更好。由於本集團的綫路板生產廠房在本財政年度第三季度內已經以最高產能生產並且面對生產樽頸的問題，本集團已計劃增添更多機器及設備以配合客戶樂觀的銷售預測。當該批額外的機器及設備在本財政年度第四季度完成裝置後，本集團的營業額將會錄得另一突破。

Although the current financial year looks promising, the Board is wary of the challenging factors that could adversely affect the Group.

First of all, the Group could exert no influence to any mismatch in the worldwide demand and supply of non-ferrous metals used in the manufacture of major raw material items. It is noteworthy that the purchase prices of gold and copper etc. have reached their unprecedentedly high level during the year 2005 due to their huge demand in excess of their supply. If there is any such mismatch which will drive up the purchase prices of major raw material items steeply and the Group cannot shift the burden wholly to the customers, the Group will suffer because the cost of raw material is still a significant component of the Group's cost of sales.

Besides, the Group is currently quite heavily relying on its telecommunication products customers from whom about 70% of the Group's turnover is generated. Although the business of these customers is still quite robust for the moment, there is no guarantee that the same will apply in next year. In light of this, the Board intends to broaden the customer base of the Group in next year so as to alleviate the impact which may result from relying too much on particular type of customer.

The PCB manufacturing technology is ever changing and the PCB manufacturers must continuously invest in modern machinery and equipment in order to meet the customers' ever changing requirements. For the current financial year up to 22 December 2005, the Group has placed orders to acquire modern machinery and equipment costing over HK\$100 million. If the machinery and equipment bought by the Group become obsolete due to the customers' new requirements, the Group will be required to dispose of them or write them off.

The petroleum price has remained at a fairly high level during the year 2005. The interest rates for US\$ and HK\$ are expected to rise further during the first quarter of the year 2006. The exchange rate for RMB is likely to appreciate in the near future. Although these economic events may not increase the operating costs of the Group to a great extent, they may hinder the growth of the world economy and the business of the Group may be adversely affected accordingly.

雖然本財政年度看來充滿希望，董事會對可能負面影響本集團的各種挑戰因素仍保持警惕。

首先，本集團對用於製造主要原材料的有色金屬在全球供求錯配上不可能施予任何影響力。值得注意的是黃金及銅等的採購價在二零零五年內因巨大的需求多於供應而使其採購價已到達歷史高位。倘若任何類似的供求錯配導致主要原材料的採購價格大幅漲價，而本集團不能將有關加幅全數轉嫁至客戶，本集團會因原材料成本仍然是銷售成本中佔重大部份而承受損失。

此外，本集團現時十分依賴其電子通訊產品客戶，有關客戶約佔總銷售額的70%。雖然有關客戶現時的業務仍然表現充滿活力，但不能保證於明年此等情況仍然如是。為盡量減低因過份依賴某類客戶所帶來的影響，董事會計劃來年擴闊本集團的客戶基礎。

製造線路板的技術正在不停的轉變，而作為線路板製造商同時亦雖持續地投資先進的機器及設備以不斷滿足客戶的要求。本財政年度截至二零零五年十二月二十二日止，本集團已簽訂購置先進的機器及設備的合約總額超過港幣一億元。若因客戶新的要求而導致部份已購置的機器及設備過時，本集團將需要賣掉或報廢該等機器及設備。

石油價格在二零零五年仍然處於高位。美元及港幣的利率預期在二零零六年第一季仍會上升。人民幣的匯率在不久將來可能升值。雖然此等事宜可能不會大幅增加本集團的經營成本，但它們可能妨礙世界經濟的增長，並可能因此不利地影響本集團的業務。

In spite of the above concern, the Board is optimistic about the results of the Group for the current financial year barring any unforeseen circumstance.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the 6 months ended 30 September 2005, except for the following deviations:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and CEO and Mr. Chan Sik Ming, Harry currently holds both positions. The Board believes that vesting the roles of both Chairman and CEO in the same person ensures consistent leadership within the Group and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board believes that the balance of power and authority will not be impaired and is adequately ensured by an effective Board which comprises experienced and high calibre individuals with a sufficient number thereof being independent non-executive directors (“INED(s)”).

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The INEDs of the Company do not have a specific term of appointment, but subject to retirement by rotation and re-election in accordance with the relevant provisions of the Company’s Bye-laws.

Code Provision B.1.1 stipulates that the Company should establish a Remuneration Committee with specific written terms of reference which deal clearly with its authority and duties. The Company has not established a Remuneration Committee during the current period as the directors’ and senior management’s remuneration was not due for review during the current period.

雖說對以上的挑戰因素表示關注，除出現不可預知的情況外，董事會對本集團在本財政年度的業績表現表示樂觀。

企業管治

本公司董事會認為，除以下有所偏差外，本公司截至二零零五年九月三十日止六個月內已遵守上市規則附錄14所載企業管治常規守則條文：

根據守則條文A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。本公司並無區分主席與行政總裁，現時由陳錫明先生同時兼任該兩個職位。董事會相信，由一人兼任主席與行政總裁的角色可確保本集團貫徹的領導，更有效和有效率地計劃長遠策略及執行業務策劃。董事會相信，董事會由經驗豐富的優秀人才組成，加上相當成員均為獨立非執行董事（「獨立非執行董事」），故可確保有關權力及職能充分平衡，不會受損害。

根據守則條文A.4.1條，非執行董事的委任應有指定任期，並須接受重新選舉。本公司之獨立非執行董事並無特定任期，惟須按本公司之公司細則之有關條文輪值告退及重選。

根據守則條文B.1.1條，公司須成立薪酬委員會，並書面訂明指定之職權範圍，清楚列明其權力及職責。因本集團董事及高層僱員在本期間尚未進行薪酬檢討，所以本公司尚未成立薪酬委員會。