

The Board of Directors of Same Time Holdings Ltd. (the "Company") are pleased to present the Group's Interim Report and condensed accounts for the six months ended 30th September 2005. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six months ended 30th September 2005, and the consolidated balance sheet as at 30th September 2005 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 9 to 24 of this report.

BUSINESS REVIEW AND PROSPECTS

Business Review

For the six months ended 30th September 2005, the turnover of the Group amounted to HK\$347,892,663 (2004: HK\$335,094,568) representing an increase of 3.82% compared with last corresponding period whereas profit before taxation amounted to HK\$9,862,861 (2004: HK\$32,080,517) representing a decrease of 69.26% compared with last corresponding period.

The decrease in profit before taxation was due to the decrease in segment result of the printed circuit boards ("PCB") business, which accounts for 84% of the total turnover. Its segment result of current period was HK\$14,991,232 (2004: HK\$36,800,024) representing the drop of 59.26% compared with last corresponding period. The significant drop was mainly due to the increase in production costs for the following reasons:—

- (i) substantial increase in costs for raw materials such as copper and aluminium;
- (ii) increase in depreciation due to the purchase of machinery and equipment;
- (iii) increase in labour costs due to the keen competition for skilled labours in Dongguan, Mainland China, where the Company's factory locates;
- (iv) increase in costs incurred in the development of new products, high density interconnect boards.

For the electronics business segment, which accounts for 16% of the total turnover, was still kept at around breakeven level.

In the current period, the customers of our Group covered Europe, America, South East Asia and Hong Kong & Mainland China, which markets accounts for 19%, 19%, 30% and 32% of total turnover respectively.

As production in the Company's production facilities for PCB located in Dongguan, Mainland China has reached almost its full capacity, on 23rd September 2005, Red Board Limited, a wholly owned subsidiary of the Company, entered into an agreement for the acquisition of a plot of land with 400 mu (approximately 266,800 m²) located at the Advanced Technology Production Development Area in Jian, Jiangxi Province, Mainland China, from the Office of Jian Municipal People's Government, Jiangxi Province, Mainland China for an aggregate cash consideration of RMB12,000,000. The Company acquired the land with a view to construct a new factory for production of PCB so as to expand its existing production capacity. The Company plans to install one production line in the new factory initially. The investment on the acquisition of land, construction of factory and purchase of machinery and equipment for such production line is estimated at about HK\$200 million, which is intended to be financed by internal resources and finance leases/banking facilities. The Company is also considering to finance such expansion of production facilities through equity and fund raising exercises. If the management considers appropriate and necessary, it will install one more production line for high technology products in the new factory. In that case, the Company estimates that further investment of about HK\$200 to 300 million will be required.

Prospect

Due to the continuous rise in raw material costs and the intense competition in the PCB market, the second half of the financial year will remain challenging. However, it is expected that the Group's newly developed product, the high density interconnect boards for installation in electronic products ranging from mobile phones to digital cameras, will create more business opportunities because of the increasing demand for such technology. Such new product helps to enhance the competitiveness of the Group in the PCB market.

More resources will be allocated to our existing production facilities for enhancing the products' quality and meeting the environmental standards. Up till the date of this report, the consideration for acquisition of the plot of land located at the Advanced Technology Production Development Area in Jian, Jiangxi Province mentioned above amounting to RMB12,000,000 has been paid. The new factory is currently under planning and designing stages.

We hope that our Group will achieve better rewards in ensuing years.

Number and remuneration of employees and remuneration policies

As at 30th September 2005, approximately 3,393 staff numbers and workers were employed in our Chang An Factory and Feng Gang Factory and 45 staff numbers were employed in the Group's Hong Kong Office. Employees' costs, excluding directors' remuneration, amounted to HK\$29,429,768 for the period ended 30th September 2005 (2004: HK\$23,575,672). Remuneration packages are generally structured with reference to the prevailing market practice and individual qualifications. The remuneration policies of the Group are reviewed on a periodic basis.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As the Group operations are principally in Mainland China and Hong Kong and all assets and liabilities are denominated in Renminbi, Hong Kong dollars or United States dollars, the directors believe that the operations of the Group has no significant exposure to foreign exchange fluctuations.

LIQUIDITY AND FINANCIAL CONDITION

At 30th September 2005, the total borrowings of the Group, including obligations under finance leases, amounted to HK\$144,589,377 (31/3/2005: HK\$143,581,439) which were payable in Hong Kong dollars and Renminbi. The Group's gearing ratio at 30th September 2005, which was calculated as the ratio of all bank borrowings and long term liabilities to shareholders' funds, was 59% (31/3/2005: 61%)

Of the Group's total borrowings, HK\$97,747,513 (68%) is due within one year, HK\$28,480,994 (20%) is due in more than one year but not exceeding two years, HK\$16,194,437 (11%) is due in more than two years but not exceeding five years and the remaining balance of HK\$2,166,433 (1%) is due in more than five years.

At 30th September 2005, the total banking facilities granted to the Group amounted to HK\$165,524,328 (31/3/2005: HK\$160,897,736) of which HK\$89,465,970 (31/3/2005: HK\$87,352,756) were utilised.

Among the total facilities, banking facilities amounting to HK\$14,667,827 (31/3/2005: HK\$30,146,591) are secured by a legal charge on the leasehold land and buildings with a net book value of HK\$39,543,128 (31/3/2005: HK\$44,923,367).