

The Group is well aware of the keen competition within the telecommunication product industry. Resulting from the rapid launch of different new models of mobile phone in the past, most telecommunication product customers have suffered from the reduction in the average selling price for their products. In order to avoid the early erosion in the average selling price, the Group's telecommunication product customers have begun to re-schedule the launch of some new models of mobile phone since August 2006. The re-schedule will definitely decelerate the growth of the Group but the extent of the impact cannot be assessed for the moment because it will depend on the duration of the re-schedule and the number of new models of mobile phone re-scheduled for launching.

The road ahead for the Group will be full of business opportunities and challenge. Equipped with sound financial position and ample experience in the manufacture of highly delicate PCB, the Group is ready to catch the business opportunities and confront the challenge.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK4.0 cents per ordinary share for the year ending 31 March 2007 (2006: Nil). The interim dividend will be paid on 7 February 2007 to shareholders whose names are registered in the register of members of the Company on 26 January 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 24 January 2007 to 26 January 2007, both days inclusive during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrars, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 23 January 2007.

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 2006, except for the following deviations:

Chairman and Chief Executive Officer

According to the Code Provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

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.

Non-executive directors

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term subject to re-election.

The independent non-executive directors of the Company do not have a specific term of appointment, but are subject to retirement by rotation and re-election in accordance with the relevant provisions of the Company's bye-laws.

Re-election of directors

Under the Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company is subject to a private act known as "The Juko Laboratories Holdings Limited Company Act 1990" which does not require the Chairman of the Company to be subject to retirement by rotation in accordance with the Bye-Laws of the Company. However, in the spirit of good corporate governance practice, the existing Chairman of the Company has agreed to retire on a voluntary basis at least once every three years at the annual general meeting of the Company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2006, the interests and short positions of the directors in the shares 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 positions in ordinary shares of the Company

Name of director	Directly beneficially owned	Beneficiary of a trust	Total	Percentage of the Company's issued share capital
Chan Sik Ming, Harry	39,080,000	103,321,417*	142,401,417	29.63
Hiroto Sasaki	2,950,000	N/A	2,950,000	0.61
Au-Yeung Wai Hung	4,600,000	N/A	4,600,000	0.96

* Chan Sik Ming, Harry and his family are the objects of a discretionary trust, which has appointed Earnwell Limited as its trustee. At 30 September 2006, Earnwell Limited held 103,321,417 shares representing approximately 21.50% of the issued share capital of the Company.