



*Same Time Holdings Limited*

*(Incorporated in Bermuda with limited liability)*

Stock Code: 451

Interim Report

2008

## CORPORATE INFORMATION

**Directors***Executive Directors*Mr YIP Sum Yin (*Chairman*)

Madam YU Hung Min

Madam YU Pei Yi

*Independent Non-Executive Directors*

Mr LAI Wing Leung, Peter

Mr LAM Kwok Cheong

Madam LEE Mei Ling

**Chief Executive**

Mr YIP How Yin, Maurice

**Company Secretary**

Madam SHIU Man Ching\*

Madam FONG Pui Kwan\*\*

**Qualified Accountant**

Mr LEE Chi Ming

**Registered Office**

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

**Principal Office**

17th Floor, Phase I

Kingsford Industrial Building

26-32 Kwai Hei Street

Kwai Chung

New Territories

Hong Kong

**Auditor***PricewaterhouseCoopers**Certified Public Accountants***Principal Bankers**

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

Standard Chartered Bank (HK) Limited

DBS Bank (Hong Kong) Limited

Wing Hang Bank, Limited

Dah Sing Bank, Limited

Bank of China (HK) Limited

Citibank (HK) Limited

China Construction Bank (Asia) Limited

Industrial and Commercial Bank

of China (Asia) Limited

CITIC Ka Wah Bank Limited

China Construction Bank Corporation

Bank of China Limited

**Hong Kong Legal Adviser**

Jennifer Cheung &amp; Co.

**Bermuda Legal Adviser**

Appleby

**Principal Registrar and Transfer Office**

The Bank of Bermuda Limited

6 Front Street

Hamilton HM 11

Bermuda

**Hong Kong Branch Registrar and Transfer Office**

Tricolor Abacus Limited

26/F Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

\* Appointed on 29 August 2008

\*\* Resigned on 29 August 2008

The Board of Directors (the "Directors") of Same Time Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

|  |             | <b>Six months<br/>ended 30 September</b> |               |
|--|-------------|--|---------------|
|  | <i>Note</i> | <b>2008<br/>HK\$</b>                     | 2007<br>HK\$  |
| Revenue                                | 9           | <b>595,781,583</b>                       | 572,374,233   |
| Cost of sales                          |             | <b>(505,374,193)</b>                     | (458,710,199) |
| Gross profit                           |             | <b>90,407,390</b>                        | 113,664,034   |
| Other operating income                 |             | <b>1,799,173</b>                         | 1,632,583     |
| Distribution and marketing costs       |             | <b>(10,978,435)</b>                      | (9,624,925)   |
| Administrative expenses                |             | <b>(44,474,706)</b>                      | (47,913,450)  |
| Other operating expenses               |             | <b>(1,898,732)</b>                       | (206,270)     |
| Operating profit                       | 10          | <b>34,854,690</b>                        | 57,551,972    |
| Finance income                         |             | <b>93,162</b>                            | 178,750       |
| Finance costs                          |             | <b>(9,374,424)</b>                       | (8,950,594)   |
| Profit before income tax               |             | <b>25,573,428</b>                        | 48,780,128    |
| Income tax expense                     | 11          | <b>(5,813,027)</b>                       | (6,028,585)   |
| Profit attributable to shareholders    |             | <b>19,760,401</b>                        | 42,751,543    |
| Earnings per share (basic and diluted) | 13          | <b>35 cents</b>                          | 83 cents      |

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2008**

|  | Note | 30 September<br>2008<br>HK\$ | 31 March<br>2008<br>HK\$    |
|--|------|------------------------------|-----------------------------|
| <b>ASSETS</b>  |      |                              |                             |
| <b>Non-current assets</b>  |      |                              |                             |
| Property, plant and equipment  | 4    | 711,641,285                  | 533,450,283                 |
| Leasehold land and land use rights                                       | 4    | 24,988,337                   | 24,649,173                  |
| Investment property  | 4    | 331,163                      | 335,963                     |
| Other non-current asset  |      | 350,000                      | 350,000                     |
|  |      | <u>737,310,785</u>           | <u>558,785,419</u>          |
| <b>Current assets</b>  |      |                              |                             |
| Inventories  |      | 128,947,878                  | 121,116,400                 |
| Trade and other receivables  | 5    | 214,622,532                  | 266,445,791                 |
| Derivative financial assets  |      | 4,880,031                    | 8,198,756                   |
| Cash at banks and in hand  |      | 65,864,773                   | 72,248,233                  |
|  |      | <u>414,315,214</u>           | <u>468,009,180</u>          |
| <b>Total assets</b>  |      | <u><b>1,151,625,999</b></u>  | <u><b>1,026,794,599</b></u> |
| <b>EQUITY</b>  |      |                              |                             |
| <b>Capital and reserves attributable to the Company's equity holders</b> |      |                              |                             |
| Share capital  | 8    | 5,691,852                    | 5,691,852                   |
| Reserves   |      | 422,213,475                  | 378,608,273                 |
| <b>Total equity</b>  |      | <u><b>427,905,327</b></u>    | <u><b>384,300,125</b></u>   |
| <b>LIABILITIES</b>   |      |                              |                             |
| <b>Non-current liabilities</b>   |      |                              |                             |
| Long-term liabilities  | 7    | 105,670,230                  | 65,707,769                  |
| Deferred tax liabilities   |      | 6,970,833                    | 7,434,250                   |
| Deferred income  |      | 9,142,857                    | 8,762,322                   |
|  |      | <u>121,783,920</u>           | <u>81,904,341</u>           |
| <b>Current liabilities</b>   |      |                              |                             |
| Trade and other payables   | 6    | 345,681,051                  | 301,064,174                 |
| Derivative financial liabilities   |      | 4,232,708                    | 6,041,991                   |
| Current portion of long-term liabilities                                 | 7    | 84,947,253                   | 68,341,950                  |
| Short-term bank loans and bank overdrafts                                |      | 139,937,764                  | 160,863,088                 |
| Tax payable  |      | 27,137,976                   | 24,278,930                  |
|  |      | <u>601,936,752</u>           | <u>560,590,133</u>          |
| <b>Total liabilities</b>   |      | <u><b>723,720,672</b></u>    | <u><b>642,494,474</b></u>   |
| <b>Total equity and liabilities</b>                                      |      | <u><b>1,151,625,999</b></u>  | <u><b>1,026,794,599</b></u> |
| <b>Net current liabilities</b>   |      | <u><b>187,621,538</b></u>    | <u><b>92,580,953</b></u>    |
| <b>Total assets less current liabilities</b>                             |      | <u><b>549,689,247</b></u>    | <u><b>466,204,466</b></u>   |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

|   | <b>Six months<br/>ended 30 September</b> |              |
|---|--|--------------|
|   | <b>2008<br/>HK\$</b>                     | 2007<br>HK\$ |
| Total equity at the beginning of the period                       | <b>384,300,125</b>                       | 317,493,080  |
| Currency translation differences<br>recognised directly in equity | <b>24,983,171</b>                        | 5,255,275    |
| Profit for the period   | <b>19,760,401</b>                        | 42,751,543   |
| Total recognised income for the period                            | <b>44,743,572</b>                        | 48,006,818   |
| Dividends paid  | <b>(1,138,370)</b>                       | –            |
| Issue of shares   | <b>–</b>                                 | 20,064,595   |
|   | <b>43,605,202</b>                        | 68,071,413   |
| Total equity at the end of the period                             | <b>427,905,327</b>                       | 385,564,493  |

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW  
STATEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

|   | <b>Six months<br/>ended 30 September</b> |                   |
|---|--|-------------------|
|   | <b>2008<br/>HK\$</b>                     | 2007<br>HK\$      |
| Net cash generated from operating activities                | <b>145,231,307</b>                       | 64,039,227        |
| Net cash used in investing activities                       | <b>(124,326,770)</b>                     | (68,103,360)      |
| Net cash used in financing activities                       | <b>(22,103,708)</b>                      | (4,745,218)       |
| Decrease in cash and cash equivalents                       | <b>(1,199,171)</b>                       | (8,809,351)       |
| Cash and cash equivalents at the<br>beginning of the period | <b>70,587,894</b>                        | 64,511,715        |
| Effect of foreign exchange rate changes                     | <b>(3,531,924)</b>                       | (1,034,950)       |
| Cash and cash equivalents at the<br>end of the period       | <b><u>65,856,799</u></b>                 | <u>54,667,414</u> |
| Analysis of cash and cash equivalents:                      |  |                   |
| Cash at banks and in hand                                   | <b>65,864,773</b>                        | 55,748,273        |
| Bank overdrafts   | <b>(7,974)</b>                           | (1,080,859)       |
|   | <b><u>65,856,799</u></b>                 | <u>54,667,414</u> |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### **1 General information**

The Company is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its office in Hong Kong is 17th Floor, Phase I, Kingsford Industrial Building, 26-32 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong.

The Group is engaged in the manufacturing and selling of consumer electronic products and printed circuit boards.

This unaudited condensed consolidated interim financial information ("Interim Financial Information") is presented in Hong Kong dollars, unless otherwise stated. This Interim Financial Information has been approved for issue by the Board of Directors on 5 December 2008.

### **2 Basis of preparation**

This Interim Financial Information for the six months ended 30 September 2008 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 March 2008.

As at 30 September 2008, the Group had net current liabilities of HK\$187.6 million. The directors of the Company have reviewed the Group's cash flows projection which is based on the assumption that the Group's existing banking facilities will be continued or can be replaced by new facilities. The directors believe that the Group will have sufficient financial resources to finance its operations and continue as a going concern. Consequently, the directors have prepared the Interim Financial Information on a going concern basis.

### 3 Accounting policies

The accounting policies adopted are consistent with those adopted and as described in the annual financial statements of the Company for the year ended 31 March 2008.

The following interpretation, which is relevant to operation of the Group, is mandatory for accounting periods beginning on or after 1 April 2008 and was adopted by the Group in the current period:

HK(IFRIC) – Int 11

HKFRS 2 – Group and treasury share transactions

The adoption of the above interpretation did not have any significant impacts on the financial statements of the Group in both periods.

The Group has not early adopted the following new or revised standards, amendments or interpretations that have been issued but are not yet effective for the period:

|                                |   | <b>Effective for accounting periods beginning on or after</b> |
|--------------------------------|---|---|
| HKAS 1 (Revised)               | Presentation of financial statements                                  | 1 January 2009  |
| HKAS 23 (Revised)              | Borrowing Costs   | 1 January 2009  |
| HKAS 27 (Revised)              | Consolidated and Separate Financial Statements                        | 1 July 2009   |
| HKAS 32 and HKAS 1 Amendments  | Puttable Financial Instruments and Obligations Arising on Liquidation | 1 January 2009  |
| HKAS 39 and HKFRS 7 Amendments | Reclassification of Financial Assets                                  | 1 July 2008   |
| HKFRS 2 Amendment              | Share-based Payment Vesting Conditions and Cancellations              | 1 January 2009  |
| HKFRS 3 (Revised)              | Business Combinations   | 1 July 2009   |
| HKFRS 8                        | Operating Segments  | 1 January 2009  |
| HK(IFRIC) – Int 13             | Customer Loyalty Programmes   | 1 July 2008   |
| HK(IFRIC) – Int 15             | Agreements for the Construction of Real Estate                        | 1 January 2009  |
| HK(IFRIC) – Int 16             | Hedges of a Net Investment in a Foreign Operation                     | 1 October 2008  |

The Group is in the process of making assessment of the impact of these standards, amendments and interpretations and is not yet in a position to state whether they would have a significant impact on the results and financial position of the Group.



**4 Capital expenditure**

|   | Property,<br>plant and<br>equipment<br>HK\$ | Leasehold<br>land and<br>land use<br>rights<br>HK\$ | Investment<br>property<br>HK\$ | Total<br>HK\$             |
|---|---|---|--------------------------------|---------------------------|
| <b>Net book amount at 1 April 2008</b>          | <b>533,450,283</b>                          | <b>24,649,173</b>                                   | <b>335,963</b>                 | <b>558,435,419</b>        |
| <b>Exchange differences</b>                     | <b>28,362,385</b>                           | <b>533,245</b>                                      | –                              | <b>28,895,630</b>         |
| <b>Additions</b>                                | <b>182,625,446</b>                          | –   | –                              | <b>182,625,446</b>        |
| <b>Amortisation/depreciation</b>                | <b>(32,796,829)</b>                         | <b>(194,081)</b>                                    | <b>(4,800)</b>                 | <b>(32,995,710)</b>       |
| <b>Net book amount at<br/>30 September 2008</b> | <b><u>711,641,285</u></b>                   | <b><u>24,988,337</u></b>                            | <b><u>331,163</u></b>          | <b><u>736,960,785</u></b> |
| Net book amount at 1 April 2007                 | 374,383,704                                 | 24,421,371  | 345,563                        | 399,150,638               |
| Exchange differences                            | 22,119,456                                  | 995,389   | –                              | 23,114,845                |
| Additions                                       | 197,291,180                                 | –   | –                              | 197,291,180               |
| Disposals                                       | (1,343,691)                                 | –   | –                              | (1,343,691)               |
| Amortisation/depreciation                       | (59,000,366)                                | (767,587)   | (9,600)                        | (59,777,553)              |
| Net book amount at<br>31 March 2008             | <b><u>533,450,283</u></b>                   | <b><u>24,649,173</u></b>                            | <b><u>335,963</u></b>          | <b><u>558,435,419</u></b> |

**5 Trade and other receivables**

Included in trade and other receivables are trade receivables of HK\$141,940,136 (31 March 2008: HK\$181,355,933). The ageing analysis of trade receivables was as follows:

|               | <b>30 September<br/>2008<br/>HK\$</b> | 31 March<br>2008<br>HK\$  |
|---------------|---------------------------------------|---------------------------|
| 0-4 months    | <b>129,688,465</b>                    | 173,527,501               |
| 5-8 months    | <b>10,571,846</b>                     | 7,356,362                 |
| Over 8 months | <b>1,679,825</b>                      | 472,070                   |
|               | <b><u>141,940,136</u></b>             | <b><u>181,355,933</u></b> |

Sales are made to customers with credit terms of 30 to 120 days.

**6 Trade and other payables**

Included in trade and other payables are trade payables of HK\$219,962,737 (31 March 2008: HK\$213,021,053). The ageing analysis of trade payables was as follows:

|               | <b>30 September<br/>2008<br/>HK\$</b> | 31 March<br>2008<br>HK\$  |
|---------------|---------------------------------------|---------------------------|
| 0-4 months    | <b>213,837,100</b>                    | 201,336,758               |
| 5-8 months    | <b>5,741,315</b>                      | 11,670,970                |
| Over 8 months | <b>384,322</b>                        | 13,325                    |
|               | <b><u>219,962,737</u></b>             | <b><u>213,021,053</u></b> |

**7 Long-term liabilities**

|  | <b>30 September<br/>2008<br/>HK\$</b> | 31 March<br>2008<br>HK\$ |
|--|---------------------------------------|--------------------------|
| Bank loans                               |                                       |                          |
| – secured                                | <b>4,453,415</b>                      | 5,015,140                |
| – unsecured                              | <b>77,985,237</b>                     | 41,073,438               |
|  | <b><u>82,438,652</u></b>              | <u>46,088,578</u>        |
| Obligations under finance leases         | <b>108,178,831</b>                    | 87,961,141               |
|  | <b><u>190,617,483</u></b>             | <u>134,049,719</u>       |
| Current portion of long-term liabilities | <b>(84,947,253)</b>                   | (68,341,950)             |
|  | <b><u>105,670,230</u></b>             | <b><u>65,707,769</u></b> |

**7 Long-term liabilities (Continued)**

At 30 September 2008, the bank loans of the Group were repayable as follows:

|                             | <b>30 September<br/>2008<br/>HK\$</b> | 31 March<br>2008<br>HK\$ |
|-----------------------------|---------------------------------------|--------------------------|
| Within one year             | <b>30,931,292</b>                     | 18,782,636               |
| In the second year          | <b>15,088,413</b>                     | 18,581,402               |
| In the third to fifth years | <b>36,418,947</b>                     | 8,724,540                |
|                             | <b><u>82,438,652</u></b>              | <b><u>46,088,578</u></b> |

At 30 September 2008, the finance lease liabilities of the Group were repayable as follows:

|  | <b>30 September<br/>2008<br/>HK\$</b> | 31 March<br>2008<br>HK\$ |
|--|---------------------------------------|--------------------------|
| Within one year                            | <b>58,746,268</b>                     | 53,176,204               |
| In the second year                         | <b>39,660,256</b>                     | 27,829,326               |
| In the third to fifth years                | <b>16,952,876</b>                     | 12,252,009               |
|  | <b><u>115,359,400</u></b>             | 93,257,539               |
| Future finance charges                     | <b>(7,180,569)</b>                    | (5,296,398)              |
| Present value of finance lease liabilities | <b><u>108,178,831</u></b>             | <b><u>87,961,141</u></b> |

The present value of finance lease liabilities is as follows:

|                             | <b>30 September<br/>2008<br/>HK\$</b> | 31 March<br>2008<br>HK\$ |
|-----------------------------|---------------------------------------|--------------------------|
| Within one year             | <b>54,015,961</b>                     | 49,559,314               |
| In the second year          | <b>37,545,600</b>                     | 26,408,768               |
| In the third to fifth years | <b>16,617,270</b>                     | 11,993,059               |
|                             | <b><u>108,178,831</u></b>             | <b><u>87,961,141</u></b> |

**8 Share capital**

|   | <b>Number of<br/>shares</b> | <b>Amount<br/>HK\$</b> |
|---|-----------------------------|------------------------|
| Authorised:   |                             |                        |
| Ordinary shares of HK\$0.10 each                        |                             |                        |
| At 1 April 2007, 31 March 2008 and<br>30 September 2008 | 700,000,000                 | 70,000,000             |
|   | <u>700,000,000</u>          | <u>70,000,000</u>      |
| Issued and fully paid:                                  |                             |                        |
| Ordinary shares of HK\$0.10 each                        |                             |                        |
| At 1 April 2007   | 47,438,520                  | 4,743,852              |
| Issue of shares ( <i>Note</i> )                         | 9,480,000                   | 948,000                |
|   | <u>9,480,000</u>            | <u>948,000</u>         |
| At 31 March 2008 and 30 September 2008                  | 56,918,520                  | 5,691,852              |
|   | <u>56,918,520</u>           | <u>5,691,852</u>       |

*Note:*

On 18 June 2007, the Company entered into a placing agreement with third parties for a private placement of a total of 9,480,000 new shares of the Company at a placing price of HK\$2.18 per share (the "Share Placing"). The Share Placing was completed on 6 July 2007. The Share Placing raised a total of approximately HK\$20.1 million net of expenses for the Company.

## 9 Revenue and segment information

The Group is principally engaged in the manufacturing and selling of consumer electronic products and printed circuit boards.

An analysis of revenue and results for the period by business segments and geographical segments is as follows:

(a) *Primary reporting format – business segments:*

|   | <b>Six months ended<br/>30 September 2008</b> |  |                          |
|---|---|--|--------------------------|
|   | <b>Electronic<br/>products<br/>HK\$</b>       | <b>Printed<br/>circuit<br/>boards<br/>HK\$</b> | <b>Group<br/>HK\$</b>    |
| <b>Revenue</b>  | <u>56,286,170</u>                             | <u>539,495,413</u>                             | <u>595,781,583</u>       |
| <b>Segment results</b>  | <u>(1,732,514)</u>                            | <u>40,704,821</u>                              | <u>38,972,307</u>        |
| <b>Unallocated income</b>                                     |   |  | <b>364,565</b>           |
| <b>Unallocated costs</b>                                      |   |  | <u>(4,482,182)</u>       |
| <b>Operating profit</b>                                       |   |  | <b>34,854,690</b>        |
| <b>Finance income</b>   |   |  | <b>93,162</b>            |
| <b>Finance costs</b>  |   |  | <u>(9,374,424)</u>       |
| <b>Profit before income tax</b>                               |   |  | <b>25,573,428</b>        |
| <b>Income tax expense</b>                                     |   |  | <u>(5,813,027)</u>       |
| <b>Profit attributable to shareholders</b>                    |   |  | <u><u>19,760,401</u></u> |
| <b>Depreciation</b>   | <b>2,177,110</b>                              | <b>30,624,519</b>                              | <b>32,801,629</b>        |
| <b>Amortisation of leasehold land<br/>and land use rights</b> | <u>49,332</u>                                 | <u>144,749</u>                                 | <u>194,081</u>           |

**9 Revenue and segment information (Continued)**

(a) Primary reporting format – business segments (Continued):

|   | Six months ended<br>30 September 2007 |                                      |                    |
|---|---------------------------------------|--------------------------------------|--------------------|
|   | Electronic<br>products<br>HK\$        | Printed<br>circuit<br>boards<br>HK\$ | Group<br>HK\$      |
| Revenue   | <u>70,768,654</u>                     | <u>501,605,579</u>                   | <u>572,374,233</u> |
| Segment results                                       | <u>3,943,726</u>                      | <u>57,287,959</u>                    | 61,231,685         |
| Unallocated income                                    |                                       |                                      | 84,000             |
| Unallocated costs                                     |                                       |                                      | <u>(3,763,713)</u> |
| Operating profit                                      |                                       |                                      | 57,551,972         |
| Finance income  |                                       |                                      | 178,750            |
| Finance costs   |                                       |                                      | <u>(8,950,594)</u> |
| Profit before income tax                              |                                       |                                      | 48,780,128         |
| Income tax expense                                    |                                       |                                      | <u>(6,028,585)</u> |
| Profit attributable to shareholders                   |                                       |                                      | <u>42,751,543</u>  |
| Depreciation  | 2,445,082                             | 26,179,826                           | 28,624,908         |
| Amortisation of leasehold land<br>and land use rights | <u>249,332</u>                        | <u>132,286</u>                       | <u>381,618</u>     |

9 Revenue and segment information (Continued)

(b) Secondary reporting format – geographical segments:

|                                 | Revenue            |             | Segment results   |            |
|---------------------------------|--------------------|-------------|-------------------|------------|
|                                 | Six months ended   |             | Six months ended  |            |
|                                 | 30 September       |             | 30 September      |            |
|                                 | 2008               | 2007        | 2008              | 2007       |
|                                 | HK\$               | HK\$        | HK\$              | HK\$       |
| Hong Kong and<br>Mainland China | 403,366,791        | 295,982,659 | 26,836,748        | 31,663,754 |
| America                         | 35,287,427         | 56,565,218  | 1,037,226         | 6,051,257  |
| South East Asia                 | 102,637,652        | 146,464,607 | 7,736,134         | 15,668,551 |
| Europe                          | 54,489,713         | 73,361,749  | 3,362,199         | 7,848,123  |
|                                 | <b>595,781,583</b> | 572,374,233 | <b>38,972,307</b> | 61,231,685 |

10 Operating profit

|   | Six months<br>ended 30 September |              |
|---|----------------------------------|--------------|
|   | 2008<br>HK\$                     | 2007<br>HK\$ |
| Operating profit is stated after crediting and<br>charging the following: |                                  |              |
| <b>Crediting:</b>   |                                  |              |
| Gain on disposal of property, plant and equipment                         | 38,533                           | 122,807      |
| Net gain on derivatives   | -                                | 82,212       |
| <b>Charging:</b>  |                                  |              |
| Amortisation of leasehold land and land use rights                        | 194,081                          | 381,618      |
| Cost of inventories sold  | 505,374,193                      | 458,710,199  |
| Depreciation:   |                                  |              |
| Owned property, plant and equipment                                       | 25,398,202                       | 20,274,759   |
| Leased property, plant and equipment                                      | 7,398,627                        | 8,345,349    |
| Investment property   | 4,800                            | 4,800        |
| Provision for slow moving and obsolete inventories                        | 318,076                          | 490,396      |
| Net loss on derivatives   | 311,972                          | -            |
| Bad debts written off   | 1,566,410                        | -            |

**11 Income tax expense**

Hong Kong profits tax has been calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

|                       | <b>Six months<br/>ended 30 September</b> |              |
|-----------------------|--|--------------|
|                       | <b>2008<br/>HK\$</b>                     | 2007<br>HK\$ |
| Current tax           |  |              |
| Hong Kong profits tax | <b>6,106,760</b>                         | 7,768,080    |
| Overseas taxation     | <b>169,684</b>                           | –            |
|                       | <b>6,276,444</b>                         | 7,768,080    |
| Deferred taxation     |  |              |
| Hong Kong profits tax | <b>(463,417)</b>                         | (1,739,495)  |
|                       | <b>5,813,027</b>                         | 6,028,585    |

**12 Dividend**

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2008 (2007: Nil).

**13 Earnings per share**

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$19,760,401 (2007: HK\$42,751,543) and the number of ordinary shares in issue during the period of 56,918,520 shares (2007: weighted average number of ordinary shares in issue during the period of 51,789,995 shares).

As there are no potential ordinary shares in issue, there is no diluted earnings per share for both periods.



**14 Capital commitments**

|   | <b>30 September<br/>2008<br/>HK\$</b> | 31 March<br>2008<br>HK\$ |
|---|---------------------------------------|--------------------------|
| Contracted but not provided for             |                                       |                          |
| Plant, machinery and leasehold improvements | <b>51,585,495</b>                     | 155,997,438              |
| Investments in subsidiaries                 | <b>107,949,696</b>                    | 202,910,900              |
|   | <b>159,535,191</b>                    | 358,908,338              |

**15 Related party transactions**

**Key management compensation**

The remuneration of Directors and other members of key management during the period was as follows:

|   | <b>Six months<br/>ended 30 September</b> |              |
|---|--|--------------|
|   | <b>2008<br/>HK\$</b>                     | 2007<br>HK\$ |
| Salaries and other short-term employee benefits | <b>3,974,497</b>                         | 3,052,323    |
| Pension costs                                   | <b>85,900</b>                            | 49,350       |
|   | <b>4,060,397</b>                         | 3,101,673    |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

For the six months ended 30 September 2008, profit before income tax of the Group amounted to HK\$25,573,428 (2007: HK\$48,780,128) representing a decrease of 48% compared with last corresponding period. Profit attributable to shareholders amounted to HK\$19,760,401 (2007: HK\$42,751,543) representing a decrease of 54% compared with last corresponding period.

### Financial review

The Group is principally engaged in the manufacturing and selling of consumer electronic products and printed circuit boards.

The revenue for the six months ended 30 September 2008 and 2007 were as follows:

|                        | Six months ended<br>30 September |                    | Increase/<br>(decrease)<br>% |
|------------------------|----------------------------------|--------------------|------------------------------|
|                        | 2008<br>HK\$                     | 2007<br>HK\$       |                              |
| Printed circuit boards | <b>539,495,413</b>               | 501,605,579        | 8                            |
| Electronics products   | <b>56,286,170</b>                | 70,768,654         | (20)                         |
|                        | <b><u>595,781,583</u></b>        | <u>572,374,233</u> | 4                            |

In the current period, the customers of the Group covered Hong Kong and Mainland China, South East Asia, Europe and America which represented 68%, 17%, 9% and 6% of total revenue respectively.

### **Cost of sales**

Cost of sales in the current period increased to HK\$505,374,193 (2007: HK\$458,710,199) representing an increase of 10% comparing to last corresponding period. The increase was mainly due to:

1. Substantial increase in production costs as a result of the appreciation of Renminbi;
2. Substantial increase in staff costs in Mainland China; and
3. Increase in raw material costs.

### **Other operating expenses**

Other operating expenses mainly included bad debts written off amounted to HK\$1,566,410 (2007: Nil).

### **Review of operations**

#### *Printed Circuit Boards Segment*

Sales increased to HK\$539,495,413 (2007: HK\$501,605,579) which accounts for 91% (2007: 88%) of the Group's total revenue for the current period. The increase was due to the increase in sales of HDI boards, whose selling prices were higher. Segment result decreased to HK\$40,704,821 (2007: HK\$57,287,959) which was mainly due to the appreciation of Renminbi and the significant increase in staff costs in Mainland China.

#### *Electronic Products Segment*

Sales decreased to HK\$56,286,170 (2007: HK\$70,768,654) which accounts for 9% (2007: 12%) of the Group's total revenue for the current period. Segment result recorded a loss of HK\$1,732,514 (2007: profit of HK\$3,943,726) which was also due to the appreciation of Renminbi and the significant increase in staff costs in Mainland China.

**Liquidity and financial resources**

At 30 September 2008, the total borrowings of the Group, including obligations under finance leases, amounted to HK\$330,555,247 (31 March 2008: HK\$294,912,807) which were payable in Hong Kong dollars and Renminbi. The Group's gearing ratio at 30 September 2008, which was calculated as the ratio of all bank borrowings and long term loans less bank balances and cash to shareholders' funds, was 62% (31 March 2008: 58%).

Of the Group's total borrowings, HK\$224,885,017 (68%) is due within one year, HK\$52,634,013 (16%) is due in more than one year but not exceeding two years, and the remaining balance of HK\$53,036,217 (16%) is due in more than two years but not exceeding five years.

At 30 September 2008, the total banking facilities granted to the Group amounted to HK\$475,944,335 (31 March 2008: HK\$325,328,614) of which HK\$245,945,384 (31 March 2008: HK\$232,284,299) were utilized.

Among the total facilities, banking facilities amounting to HK\$4,453,414 (31 March 2008: HK\$5,015,140) are secured by a legal charge on the Group's leasehold land and buildings with a net book value of HK\$10,808,251 (31 March 2008: HK\$10,893,750).

At 30 September 2008, as the Group breached one of the financial covenants as stipulated in the banking facility letter entered into by the Group, the non-current portion of this loan amounting to HK\$12,000,000 under this banking facility has been reclassified as current liabilities in the unaudited condensed consolidated balance sheet.

**Employees, remuneration policies**

At 30 September 2008, approximately 4,507 (30 September 2007: 4,761) staff members and workers were employed in our Chang An Factory, Feng Gang Factory and Jiang Xi Factory and 45 (30 September 2007: 42) staff members were employed in the Group's Hong Kong and Macao Office. Employees' costs, excluding directors' remuneration, amounted to HK\$77,877,878 for the six months ended 30 September 2008 (2007:HK\$61,634,801). 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 fluctuation 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.

### **Prospects**

Printed Circuit Board ("PCB") business will remain to be the driving force of the growth in the turnover of the Group. The construction work and machines installation in our new factory in Jiang Xi would be nearly completed. Production is expected to be commenced in January 2009. This will expand our production capacity in PCB and in turn strengthen the competitive power of the Group's PCB business. As the production costs such as labour cost, electricity and water charges of the new factory in Jiang Xi are lower than those in the existing factory in Dongguan, the lower cost of sales would be derived from the new factory consequently.

Economic downturn arising from the global financial crisis in the recent months has brought hardship on various industries, including our business. In this respect the directors have a reservation on Group's results forthcoming, in the short term. However, the management has grasped the opportunity of lowering the production costs in the new plant as aforesaid. In the longer run, there would be saving deriving from cheaper production costs. The management will continue to do the best for the benefits of the Group.

### **Share option scheme**

On 23 February 2005 the Company adopted a share option scheme under which the directors may grant options to eligible persons, including employees and directors of the Group, to subscribe for shares of the Company.

The Company has not granted any option under the share option scheme since its adoption.

**Directors' and chief executive's interests in equity or debt securities**

As at 30 September 2008, the interests of the directors and chief executives in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("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 Companies (the "Model Code") were as follows:

| <b>Name</b>             | <b>Number of shares</b> | <b>Nature of interest</b>        | <b>Percentage of shareholding</b> |
|-------------------------|-------------------------|----------------------------------|-----------------------------------|
| Yip Sum Yin             | 14,178,973 (Note)       | Settlor and beneficiary of trust | 24.91%                            |
| Yip How Yin,<br>Maurice | 14,178,973 (Note)       | Settlor and beneficiary of trust | 24.91%                            |
| Yu Hung Min             | 10,580,475 (Note)       | Beneficiary of a trust           | 18.59%                            |

*Note:*

10,580,475 shares of HK\$0.10 each of the Company ("Shares") were beneficially owned by Sum Tai Holdings Limited, which is wholly owned by Aberdare Assets Limited ("Aberdare"). Aberdare is wholly owned by Mr. Yip How Yin, Maurice as trustee of a discretionary trust established for the benefit of Mr. Yip Sum Yin, Madam Yu Hung Min and their family. 3,598,498 Shares were beneficially owned by Maroc Ventures Inc. ("Maroc"), which is wholly owned by Mr. Yip Sum Yin as trustee of a discretionary trust established for the benefit of Mr. Yip How Yin, Maurice and his family.

Save as disclosed above and the non-beneficial interest in certain subsidiaries of the Company of a director in his capacity of a nominee shareholder, as at 30 September 2008, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save for the Company's share option scheme, at no time during the period was the Company or its subsidiaries a party to any arrangement to enable the directors or chief executives of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

**Substantial shareholders**

As at 30 September 2008, so far as is known to the Directors, the following persons (other than a director or chief executive of the Company) had interest in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

| <b>Name</b>                     | <b>Number of shares</b> | <b>Nature of interest</b> | <b>Percentage of shareholding</b> |
|---------------------------------|-------------------------|---------------------------|-----------------------------------|
| Aberdare                        | 10,580,475 (Note 1)     | Corporate interest        | 18.59%                            |
| Maroc (Note 2)                  | 3,598,498               | Beneficial owner          | 6.32%                             |
| Rich Winner Investments Limited | 3,199,500 (Note 3)      | Beneficial owner          | 5.62%                             |
| Chan Foo Wing                   | 3,199,500 (Note 3)      | Corporate interest        | 5.62%                             |
| Lu Wing Yee, Wayne              | 2,876,000               | Beneficial owner          | 5.05%                             |
| Yuen Tsui Ying                  | 2,876,000               | Family interest           | 5.05%                             |
| Poon Suet Mui                   | 3,837,250               | Beneficial owner          | 6.74%                             |

Notes:

1. These Shares were beneficially owned by Sum Tai Holdings Limited, which is wholly owned by Aberdare. Aberdare is wholly owned by Mr. Yip How Yin, Maurice as trustee of a discretionary trust established for the benefit of Mr. Yip Sum Yin, Madam Yu Hung Min and their family.
2. Maroc is wholly owned by Mr. Yip Sum Yin as trustee of a discretionary trust established for the benefit of Mr. Yip How Yin, Maurice and his family.
3. These Shares were beneficially owned by Rich Winner Investments Limited. It is a controlled corporation of Mr. Chan Foo Wing.

Save as disclosed above, as at 30 September 2008, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

**Model code for securities transactions by directors**

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Code"). The Company had made specific enquiry of the directors of the Company. All the directors confirmed that they had complied with the required standards as set out in the Code during the six months ended 30 September 2008.

**Purchase, sale or redemption of company's listed securities**

During the six months ended 30 September 2008, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the Stock Exchange.

**Review by audit committee**

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim report for the six months ended 30 September 2008.

**Compliance with code on corporate governance practice**

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the Code of Corporate Governance Practices, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange at any time during the six months ended 30 September 2008.



**Appreciation**

On behalf of the Board, I would like to express our thanks to our shareholders, customers, banks, and suppliers for their continuous support to the Group. I would also extend my appreciation to all our management and staff for their contribution during the period.

On behalf of the Board

**YIP Sum Yin**

*Chairman*

Hong Kong, 5 December 2008