



Same Time Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 451

Interim Report

2011

CORPORATE INFORMATION

Directors

Executive Directors

Mr YIP Sum Yin (*Chairman*)

Madam YU Hung Min

Madam YU Pei Yi

Mr CHUNG Chi Shing

Mr MAO Lu

Independent Non-Executive Directors

Mr LAI Wing Leung, Peter

Mr LAM Kwok Cheong

Madam LEE Mei Ling

Chief Executive Officer

Mr YIP How Yin, Maurice

Company Secretary

Madam SHIU Man Ching

Registered Office

Canon's Court

22 Victoria Street

Hamilton HM 12

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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

Hong Kong

Principal Banks

Bank of China Limited

China Construction Bank Corporation

Agricultural Bank of China Limited

The Hongkong and Shanghai Banking

Corporation Limited

Hong Kong Legal Adviser

Jennifer Cheung & Co.

Bermuda Legal Adviser

Appleby

Principal Registrar and Transfer

Office

HSBC Securities Services (Bermuda)

Limited

6 Front Street

Hamilton HM 11

Bermuda

Hong Kong Branch Registrar and

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26th Floor, Tesbury Centre

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INTERIM RESULTS

The board of directors (the "Directors") of Same Time Holdings Limited (the "Company") presents the unaudited condensed consolidated interim financial information ("Interim Financial Information") of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2011.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Note	Six months ended 30 September	
		2011 HK\$	2010 HK\$
Continuing operations			
Revenue	6	847,331,069	663,961,839
Cost of sales		(789,046,178)	(565,488,215)
Gross profit		58,284,891	98,473,624
Other operating income	7	24,172,326	3,409,236
Change in fair value of an investment property		890,000	700,000
Distribution and marketing costs		(12,435,900)	(11,876,435)
Administrative expenses		(53,132,141)	(37,898,389)
Other operating expenses		(2,878,076)	(5,648,172)
Operating profit	8	14,901,100	47,159,864
Finance income		79,826	844,633
Finance costs		(18,672,113)	(15,149,014)
(Loss)/profit before income tax		(3,691,187)	32,855,483
Income tax expense	9	(13,966,438)	(6,869,575)
(Loss)/profit from continuing operations		(17,657,625)	25,985,908
Discontinued operation			
(Loss)/profit for the period from discontinued operation	10	(134,737)	9,788,848
(Loss)/profit attributable to owners of the Company		(17,792,362)	35,774,756
Basic and diluted (loss)/earnings per share attributable to the owners of the Company	12		
– From continuing operations		(26.3) cents	45.7 cents
– From discontinued operation		(0.2) cent	17.2 cents
		(26.5) cents	62.9 cents

The notes on pages 8 to 25 form an integral part of this Interim Financial Information.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011**

	Six months ended 30 September	
	2011 HK\$	2010 HK\$
(Loss)/profit for the period	(17,792,362)	35,774,756
Other comprehensive income:		
Currency translation differences	16,569,624	2,980,683
Revaluation surplus on leasehold land and buildings	5,726,343	33,489,015
Deferred tax on revaluation surplus on leasehold land and buildings	537,339	(4,919,876)
Other comprehensive income for the period, net of tax	22,833,306	31,549,822
Total comprehensive income attributable to owners of the Company	5,040,944	67,324,578

The notes on pages 8 to 25 form an integral part of this Interim Financial Information.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011**

	Note	30 September 2011 HK\$	31 March 2011 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	13	986,691,695	1,003,909,641
Land use rights	13	21,344,255	21,008,304
Investment property	13	–	5,570,000
Non-current deposits		9,292,419	12,010,977
Other non-current asset		350,000	350,000
		1,017,678,369	1,042,848,922
Current assets			
Inventories	14	204,144,574	195,980,693
Trade and other receivables	15	395,833,171	335,305,429
Derivative financial assets		366,209	–
Assets classified as held for sale	16	66,433,267	–
Cash at banks and in hand		97,815,025	31,461,333
		764,592,246	562,747,455
Total assets		1,782,270,615	1,605,596,377
EQUITY			
Capital and reserves			
Share capital	21	6,829,852	5,691,852
Reserves		515,834,773	475,646,567
Total equity		522,664,625	481,338,419

		30 September 2011 HK\$	31 March 2011 HK\$
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Borrowings	18	182,768,596	181,315,405
Convertible redeemable bond	19	93,021,000	–
Deferred income tax liabilities		8,847,253	9,566,546
Deferred income	20	21,236,863	20,859,169
		305,873,712	211,741,120
Current liabilities			
Trade and other payables	17	579,365,144	580,765,074
Borrowings	18	319,726,312	290,487,185
Current income tax liabilities		53,592,695	41,264,579
Liabilities associated with assets classified as held for sale	16	1,048,127	–
		953,732,278	912,516,838
Total liabilities		1,259,605,990	1,124,257,958
Total equity and liabilities		1,782,270,615	1,605,596,377
Net current liabilities		189,140,032	349,769,383
Total assets less current liabilities		828,538,337	693,079,539

The notes on pages 8 to 25 form an integral part of this Interim Financial Information.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011**

	Share capital HK\$	Share premium HK\$	Contributed surplus HK\$	Revaluation reserve HK\$	Legal reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2011	5,691,852	151,921,671	14,802,582	64,933,538	48,544	77,250,540	166,689,692	481,338,419
Issue of shares	1,138,000	35,147,262	-	-	-	-	-	36,285,262
Total comprehensive income for the period	-	-	-	6,263,682	-	16,569,624	(17,792,362)	5,040,944
At 30 September 2011	6,829,852	187,068,933	14,802,582	71,197,220	48,544	93,820,164	148,897,330	522,664,625
At 1 April 2010	5,691,852	151,921,671	14,802,582	-	48,544	54,604,272	159,352,341	386,421,262
Total comprehensive income for the period	-	-	-	28,569,139	-	2,980,683	35,774,756	67,324,578
At 30 September 2010	5,691,852	151,921,671	14,802,582	28,569,139	48,544	57,584,955	195,127,097	453,745,840

The notes on pages 8 to 25 form an integral part of this Interim Financial Information.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Note	Six months ended 30 September	
		2011 HK\$	2010 HK\$
Continuing operations			
Net cash (used in)/generated from operating activities		(10,368,035)	76,378,360
Net cash used in investing activities		(28,973,542)	(60,401,972)
Net cash generated from financing activities		111,944,671	5,245,450
Increase in cash and cash equivalents		72,603,094	21,221,838
Discontinued operation			
Increase/(decrease) in cash and cash equivalents from discontinued operation	10(b)	290,092	(76,786)
Cash and cash equivalents at the beginning of the period		31,461,333	71,857,684
Effect of foreign exchange rate changes		4,273,231	831,409
Cash and cash equivalents at the end of the period		<u>108,627,750</u>	<u>93,834,145</u>
Analysis of cash and cash equivalents:			
Cash at banks and in hand		97,815,025	93,834,145
Cash at banks and in hand classified as held for sale	16	<u>10,812,725</u>	—
		<u>108,627,750</u>	<u>93,834,145</u>

The notes on pages 8 to 25 form an integral part of this Interim Financial Information.

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 registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal office is 17th Floor, Phase I, Kingsford Industrial Building, 26-32 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong.

The Group is principally engaged in the manufacturing and selling of printed circuit boards and consumer electric products. Electronic products segment ceased operation and was classified as a discontinued operation during the six months ended 30 September 2011 and 2010.

This 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 28 November 2011.

This Interim Financial Information has not been audited.

2 Basis of preparation

This Interim Financial Information for the six months ended 30 September 2011 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 ("HKICPA").

This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

As at 30 September 2011, the Group had net current liabilities of HK\$189,140,032 (31 March 2011: HK\$349,769,383). Total banking facilities granted to the Group amounted to HK\$493,322,764 (31 March 2011: HK\$496,593,446) of which HK\$439,490,975 (31 March 2011: HK\$427,841,835) were utilised.

The Group meets its day to day working capital requirements, capital expenditure and financing obligations through cash inflow from operating activities and facilities obtained from banks. As at 30 September 2011, the Group breached the financial covenant requirement of a banking facility. Up to the date of approval of this Interim Financial Information, the bank granted a waiver from strict compliance of the financial covenant requirement of the banking facility. The facility from the bank was HK\$60,979,328 which was fully utilised as at 30 September 2011.

2 Basis of preparation (Continued)

Besides, management maintains continuous communication with the Group's principal banks on the renewal of existing banking facilities and grant of additional banking facilities.

Up to the date of approval of this Interim Financial Information, the Directors are not aware of any intention of the principal banks to withdraw their banking facilities or request early repayment of the utilised facilities. Furthermore, the Group obtained additional banking facilities in October 2011 from one principal bank with an aggregate amount of approximately HK\$122 million. Alternative plans have also been developed by the Group to respond to any changes in facilities available from its principal banks.

Based on the Directors' review of the Group's cash flow projection, taking into account the reasonably possible changes in trading performance and the ongoing support from the principal banks, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare the Interim Financial Information on a going concern basis.

3 Accounting policies

Except as described below, the accounting policies adopted are consistent with those adopted and as described in the annual financial statements for the year ended 31 March 2011.

Exceptional items are disclosed and described separately in this Interim Financial Information where it is necessary to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Taxes on income in the interim periods are accrued using the tax rates that will be applicable to the expected total annual earnings.

In the current period, the Group has adopted, for the first time, the following new or revised standards, amendments and interpretations ("new and revised HKFRSs") which are mandatory for the accounting periods beginning on or after 1 April 2011:

HKAS 24 (Revised)	Related party disclosures
HKAS 34 (Amendment)	Interim financial reporting
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HK(IFRIC) – Int 14 (Amendment)	Prepayment of a minimum funding requirement
HK (IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

The adoption of the above new and revised HKFRSs does not have any significant impacts on the financial statements of the Group for the current or prior accounting periods.

3 Accounting policies (Continued)

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 accounting period beginning on or after 1 April 2011:

HKAS 1 (Amendment)	Presentation of items of other comprehensive income (effective from 1 July 2012)
HKAS 12 (Amendment)	Deferred tax: recovery of underlying assets (effective from 1 January 2012)
HKAS 19 (2011)	Employee benefits (effective on or after 1 January 2013)
HKAS 27 (2011)	Separate financial statements (effective on or after 1 January 2013)
HKAS 28 (2011)	Investments in associates and joint ventures (effective on or after 1 January 2013)
HKFRS 7 (Amendment)	Disclosures – transfer of financial assets (effective on or after 1 July 2011)
HKFRS 9	Financial instruments (effective on or after 1 January 2013)
HKFRS 10	Consolidated financial statements (effective on or after 1 January 2013)
HKFRS 11	Joint arrangements (effective on or after 1 January 2013)
HKFRS 12	Disclosure of interests in other entities (effective on or after 1 January 2013)
HKFRS 13	Fair value measurement (effective on or after 1 January 2013)
HK (IFRIC) – Int 20	Stripping costs in the production phase of a surface mine (effective on or after 1 January 2013)

The Directors are in the process of reviewing the impact on the Group's financial statements in respect of the adoption of these new or revised HKFRS.

4 Estimates

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2011.

5 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), liquidity risk and credit risk.

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2011.

There have been no changes in the risk management policies of the Group since the year ended 31 March 2011.

(i) Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 year <i>HK\$</i>	Between 1 and 2 years <i>HK\$</i>	Between 2 and 5 years <i>HK\$</i>
At 30 September 2011			
Trade and other payables	579,365,144	–	–
Bank loans	308,700,179	111,423,549	49,773,792
Convertible redeemable bond	900,000	900,000	90,900,000
Obligations under finance leases	32,340,970	23,464,829	12,976,574
	<u>921,306,293</u>	<u>135,788,378</u>	<u>153,650,366</u>
At 31 March 2011			
Trade and other payables	580,765,074	–	–
Bank loans	285,909,135	110,853,760	68,782,576
Obligations under finance leases	29,497,598	12,684,024	4,593,898
	<u>896,171,807</u>	<u>123,537,784</u>	<u>73,376,474</u>

5 Financial risk management (Continued)

Financial risk factors (Continued)

(ii) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At 31 March 2011, the Group had no outstanding derivative financial instrument contracts that require undiscounted cash outflows. The following table presents the Group's assets and liabilities that are measured at fair value at 30 September 2011.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Derivative financial instruments				
– forward exchange contracts	–	366,209	–	366,209
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Conversion rights	–	–	16,942,000	16,942,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the six months ended 30 September 2011, there were no significant transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments, no reclassifications of financial assets and no significant changes in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities.

6 Revenue and segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decision.

The Group's reportable segments are therefore identical to the business segments namely:

Electronic products – manufacturing and selling of consumer electronic products (discontinued operation)

Printed circuit boards – manufacturing and selling of printed circuit boards

A segmental analysis of revenue and results for the period is as follows:

	Six months ended 30 September 2011		
	Electronic products HK\$	Printed circuit boards HK\$	Group HK\$
Revenue	–	847,331,069	847,331,069
Segment results	(135,168)	21,721,574	21,586,406
Unallocated income			1,336,209
Unallocated costs			(8,156,683)
Operating profit			14,765,932
Finance income	431	79,826	80,257
Finance costs	–	(18,672,113)	(18,672,113)
Loss before income tax			(3,825,924)
Income tax expense	–	(13,966,438)	(13,966,438)
Loss attributable to owners			(17,792,362)
Amortisation of land use rights	–	248,591	248,591
Bad debts written off	–	206,165	206,165
Depreciation	449,755	60,822,592	61,272,347
Unrealised loss from change in fair value of convertible redeemable bond (note 8)	–	1,651,000	1,651,000
Unrealised gain on derivatives (note 7)	–	366,209	366,209

6 Revenue and segment information (Continued)

	Six months ended 30 September 2010		
	Electronic products HK\$	Printed circuit boards HK\$	Group HK\$
Revenue	2,179,987	663,961,839	666,141,826
Segment results	10,081,996	49,883,281	59,965,277
Unallocated income			784,000
Unallocated costs			(3,507,417)
Operating profit			57,241,860
Finance income	540	844,633	845,173
Finance costs	(293,688)	(15,149,014)	(15,442,702)
Profit before income tax			42,644,331
Income tax expense			(6,869,575)
Profit attributable to owners			35,774,756
Amortisation of land use rights	–	220,574	220,574
Bad debts written off	–	4,039,732	4,039,732
Depreciation	293,891	52,117,436	52,411,327
Unrealised loss on derivatives (note 8)	–	1,090,633	1,090,633

A segmental analysis of total assets is as follows:

	30 September 2011		
	Electronic products HK\$	Printed circuit boards HK\$	Group HK\$
Total segment assets	27,224,613	1,692,210,967	1,719,435,580
Derivative financial assets			366,209
Investment property			6,460,000
Leasehold land and buildings			40,500,000
Unallocated assets			15,508,826
Total assets			1,782,270,615
Total assets include:			
Additions to non-current assets	–	61,607,941	61,607,941

6 Revenue and segment information (Continued)

	31 March 2011		
	Electronic products HK\$	Printed circuit boards HK\$	Group HK\$
Total segment assets	26,120,158	1,535,087,530	1,561,207,688
Investment property			5,570,000
Leasehold land and buildings			37,530,000
Unallocated assets			1,288,689
Total assets			<u>1,605,596,377</u>
Total assets include:			
Additions to non-current assets	<u>–</u>	<u>155,630,639</u>	<u>155,630,639</u>

The Group's operations are principally located in Hong Kong, Macao and Mainland China. The revenue from external customers in Hong Kong, Macao and Mainland China for the six months ended 30 September 2011 is HK\$558,466,624 (2010: HK\$389,397,850), and the revenue from external customers in other countries is HK\$288,864,445 (2010: HK\$276,743,976).

At 30 September 2011 and 31 March 2011, all of the non-current assets are located in Hong Kong, Macao and Mainland China.

For the six months ended 30 September 2011, revenues of HK\$82,296,446 (2010: HK\$84,362,045) were derived from a single external customer. These revenues were attributable to the printed circuit boards.

7 Other operating income

	Six months ended 30 September	
	2011 HK\$	2010 HK\$
Amortisation of deferred income on government grants	222,290	175,928
Gain on disposal of property, plant and equipment	150,000	14,197
Government subsidies	2,558,598	475,735
Rental income	80,000	84,000
Sales of manufacturing by-products	20,777,327	2,615,490
Sundries	17,902	43,886
Unrealised gain on derivatives (note 6)	366,209	–
	<u>24,172,326</u>	<u>3,409,236</u>

8 Operating profit

	Six months ended 30 September	
	2011 HK\$	2010 HK\$
Operating profit is stated after charging the following:		
Amortisation of land use rights	248,591	220,574
Bad debts written off	206,165	4,039,732
Cost of inventories sold	789,046,178	565,488,215
Depreciation:		
– Owned property, plant and equipment	52,003,182	43,805,234
– Leased property, plant and equipment	8,819,410	8,312,202
Unrealised loss on derivatives (note 6)	–	1,090,633
Unrealised loss from change in fair value of convertible redeemable bond (note 6)	1,651,000	–
	1,651,000	–

9 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on 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.

	Six months ended 30 September	
	2011 HK\$	2010 HK\$
Current income tax		
Hong Kong profits tax	69,442	3,194,052
Overseas taxation	13,466,952	3,555,215
	13,536,394	6,749,267
Deferred income tax		
Hong Kong profits tax	13,275	120,308
Overseas taxation	416,769	–
	430,044	120,308
	13,966,438	6,869,575

The Hong Kong Inland Revenue Department (the "IRD") has questioned the basis of tax reporting for certain transactions adopted by certain subsidiaries of the Group in prior years. The matter has not been resolved with the IRD as at the date of approval of this Interim Financial Information. Current income tax of approximately HK\$20.5 million has been recorded in the Group's consolidated financial statements for the year ended 31 March 2008 and no further provision has been made since then.

10 Discontinued operation

Electronic products segment ceased operation and was classified as the discontinued operation during the six months ended 30 September 2011 and 2010.

- (a) Results of the electronic products segment have been included in the unaudited condensed consolidated income statement as follows:

	Six months ended 30 September	
	2011 HK\$	2010 HK\$
Revenue	–	2,179,987
Cost of sales	–	(2,575,992)
Gross loss	–	(396,005)
Other operating income	1,151,591	2,286,291
Distribution and marketing costs	(14,789)	(390,586)
Administrative expenses	(1,226,314)	(2,520,987)
Other operating expenses	(45,656)	(224,280)
Reversal of impairment loss on property, plant and equipment	–	11,327,563
Operating (loss)/profit	(135,168)	10,081,996
Finance income	431	540
Finance costs	–	(293,688)
(Loss)/profit before income tax	(134,737)	9,788,848
Income tax expense	–	–
(Loss)/profit attributable to owners	(134,737)	9,788,848

10 Discontinued operation (Continued)

(b) An analysis of the cash flows of the discontinued operation is as follows:

	Six months ended 30 September	
	2011	2010
	HK\$	HK\$
Net cash generated from operating activities	290,092	6,212,965
Net cash used in financing activities	-	(6,289,751)
Increase/(decrease) in cash and cash equivalents	290,092	(76,786)

11 Dividend

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2011 (2010: Nil).

12 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company and on the weighted average number of ordinary shares in issue during the period.

	2011	2010
Number of shares		
Weighted average number of ordinary share in issue	67,116,990	56,918,520
	HK\$	HK\$
(Loss)/profit from continuing operations attributable to owners of the Company	(17,657,625)	25,985,908
Basic (loss)/earnings per share from continuing operations attributable to owners of the Company	(26.3) cents	45.7 cents
(Loss)/profit from discontinued operation attributable to owners of the Company	(134,737)	9,788,848
Basic (loss)/earnings per share from discontinued operation attributable to owners of the Company	(0.2) cent	17.2 cents

12 (Loss)/earnings per share (Continued)

For the six months ended 30 September 2011, the diluted loss per share was the same as the basic loss per share, as the convertible redeemable bond had an anti-dilutive effect on the loss per share.

For the six months ended 30 September 2010, the diluted earnings per share was the same as the basic earnings per share, as there was no potential ordinary shares in issue.

13 Capital expenditure

	Property, plant and equipment <i>HK\$</i>	Land use rights <i>HK\$</i>	Investment property <i>HK\$</i>	Total <i>HK\$</i>
Six months ended 30 September 2011				
Net book amount at 1 April 2011	1,003,909,641	21,008,304	5,570,000	1,030,487,945
Exchange differences	25,691,418	584,542	–	26,275,960
Additions	61,607,941	–	–	61,607,941
Change in fair value	–	–	890,000	890,000
Revaluation surplus	5,726,343	–	–	5,726,343
Assets classified as held for sale (note 16)	(48,971,301)	–	(6,460,000)	(55,431,301)
Amortisation/depreciation	(61,272,347)	(248,591)	–	(61,520,938)
Net book amount at 30 September 2011	986,691,695	21,344,255	–	1,008,035,950
Six months ended 30 September 2010				
Net book amount at 1 April 2010	854,396,875	20,664,401	3,200,000	878,261,276
Exchange differences	2,880,121	74,185	–	2,954,306
Additions	82,187,784	–	–	82,187,784
Change in fair value	–	–	700,000	700,000
Revaluation surplus	33,489,015	–	–	33,489,015
Disposals	(685,578)	–	–	(685,578)
Amortisation/depreciation	(52,411,327)	(220,574)	–	(52,631,901)
Net book amount at 30 September 2010	919,856,890	20,518,012	3,900,000	944,274,902

13 Capital expenditure (Continued)

- (a) At 30 September 2011, the net book amount of property, plant and equipment, land use rights and an investment property (including assets classified as held for sale) pledged as securities for the bank loans of the Group amounted to HK\$727,707,583 (31 March 2011: HK\$660,115,818).
- (b) At 30 September 2011, the net book amount of property, plant and equipment held by the Group under finance leases amounted to HK\$106,941,999 (31 March 2011: HK\$133,581,431).

14 Inventories

	30 September 2011 HK\$	31 March 2011 HK\$
Raw materials	81,223,133	84,171,532
Work in progress	54,206,686	48,614,203
Finished goods	68,714,755	63,194,958
	<u>204,144,574</u>	<u>195,980,693</u>

The cost of inventories recognised as expense and included in "cost of sales" amounted to HK\$789,046,178 (2010: HK\$568,064,207).

15 Trade and other receivables

Included in trade and other receivables are trade receivables of HK\$299,056,627 (31 March 2011: HK\$254,490,139). The ageing analysis of trade receivables is as follows:

	30 September 2011 HK\$	31 March 2011 HK\$
0 – 60 days	225,447,100	191,621,536
61 – 120 days	67,711,548	56,859,430
121 – 180 days	4,183,117	3,700,715
181 – 240 days	401,991	967,944
Over 240 days	1,312,871	1,340,514
	<u>299,056,627</u>	<u>254,490,139</u>

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

16 Assets and liabilities classified as held for sale

- (a) The major classes of assets and liabilities of Dyford Industries Limited ("Dyford") and the properties of Same Time Electronics Limited located in Hong Kong (the "STE's properties"), which have been classified as held for sale as at 30 September 2011 (note 24), are as follows. Dyford and Same Time Electronics Limited ("STE") are indirect wholly-owned subsidiaries of the Company.

	Note	30 September 2011 HK\$
Property, plant and equipment	13	48,971,301
Investment property	13	6,460,000
Other receivables		189,241
Cash at banks and in hand		10,812,725
		<hr/>
Assets classified as held for sale		66,433,267
		<hr/> <hr/>
Other payable		286,000
Current income tax payable		150,129
Deferred income tax liabilities		611,998
		<hr/>
Liabilities associated with assets classified as held for sale		1,048,127
		<hr/> <hr/>

- (b) Cumulative income recognised in other comprehensive income and accumulated in equity relating to Dyford and STE's properties classified as held for sale is as follows:

	30 September 2011 HK\$
Revaluation surplus on leasehold land and buildings	37,022,660
	<hr/> <hr/>

17 Trade and other payables

Included in trade and other payables are trade payables of HK\$425,350,186 (31 March 2011: HK\$396,643,845). The ageing analysis of trade payables is as follows:

	30 September 2011 HK\$	31 March 2011 HK\$
0 – 60 days	180,437,486	177,576,325
61 – 120 days	157,483,447	135,629,445
121 – 180 days	70,650,457	64,818,056
181 – 240 days	11,891,416	15,256,174
Over 240 days	4,887,380	3,363,845
	<u>425,350,186</u>	<u>396,643,845</u>

18 Borrowings

	30 September 2011 HK\$	31 March 2011 HK\$
Non-current		
Bank loans	150,923,837	165,943,628
Obligations under finance leases	31,844,759	15,371,777
	<u>182,768,596</u>	<u>181,315,405</u>
Current		
Bank loans due for repayment within one year	288,567,138	258,345,994
Bank loans due for repayment after one year which contain a repayment on demand clause	–	3,552,214
Obligations under finance leases	31,159,174	28,588,977
	<u>319,726,312</u>	<u>290,487,185</u>
Total	<u>502,494,908</u>	<u>471,802,590</u>

18 Borrowings (Continued)

Movements in borrowings are analysed as follows:

	Six months ended 30 September	
	2011 HK\$	2010 HK\$
At the beginning of the period	471,802,590	559,265,147
Exchange differences	12,548,510	1,075,457
New bank loans	54,388,616	100,106,237
Inception of finance leases	38,154,399	7,983,563
Repayments of borrowings	(74,399,207)	(101,150,538)
At the end of the period	502,494,908	567,279,866

One of the banking facilities granted to the Group has stipulated that the assets should not be pledged without the lending bank's permission. At 30 September 2011, the Group breached such covenant. The facility from the bank was HK\$60,979,328, which was fully utilised as at 30 September 2011. Accordingly, the non-current portion of bank loan amounting to HK\$36,587,597 was reclassified as a current liability in the unaudited condensed consolidated statement of financial position as at 30 September 2011.

19 Convertible redeemable bond

	30 September 2011 HK\$
Liability components	76,079,000
Fair value of embedded derivatives	16,942,000
	93,021,000

The Group entered into a subscription agreement to issue a three-year 1.0% convertible redeemable bond at a total nominal value of HK\$90 million. A resolution was duly passed and approved by the shareholders on 13 May 2011, and the bond certificates were issued to the subscriber on 16 June 2011. The bond matures three years from the date of issuance at their nominal value of HK\$90 million or can be converted into ordinary shares of the Company at HK\$1.8 per share after six months from the date of issuance. The value of the liability component of HK\$74,709,000 and the embedded derivatives of HK\$15,291,000 were determined at the date of issuance of the bond. The fair values of the convertible redeemable bond as at date of issuance and 30 September 2011 were determined by an independent qualified valuer based on the binomial valuation model. The fair value of the liability component on initial recognition was valued as the proceeds of the bond (net of transaction cost) minus the fair value of the embedded derivatives of the bond. The fair values of the conversion rights and redemption rights (the "Conversion Right") were valued by estimating the value of the whole bond with and without the conversion feature. The difference in value reflects the value of the Conversion Right.

20 Deferred income

The deferred income represents government grants received for the construction of a plant in Jiangxi in Mainland China, which is amortised over the expected useful life of the plant upon the commencement of the operation.

21 Share capital

	Number of shares	Amount HK\$
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 April 2010, 31 March 2011 and 30 September 2011	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 2010, 31 March 2011 and 1 April 2011	56,918,520	5,691,852
Issue of shares (Note)	11,380,000	1,138,000
	<u>68,298,520</u>	<u>6,829,852</u>
At 30 September 2011	<u>68,298,520</u>	<u>6,829,852</u>

Note:

On 14 March 2011, the Company entered into a placing agreement with third parties for a private placement of a total of 11,380,000 new shares of the Company at a placing price of HK\$3.27 per share. The private placement was completed on 20 April 2011. The private placement raised a total of HK\$36,285,262 net of expenses for the Company.

22 Capital Commitments

	30 September 2011 HK\$	31 March 2011 HK\$
Contracted but not provided for plant, machinery and leasehold improvements	<u>11,614,219</u>	<u>13,075,178</u>

23 Related party transactions

Key management compensation

The remuneration of directors and other members of key management during the period are as follows:

	Six months ended 30 September	
	2011	2010
	HK\$	HK\$
Salaries and other short-term employee benefits	3,693,683	3,708,881
Pension costs	42,460	45,930
	3,736,143	3,754,811

24 Events after the reporting period

On 5 September 2011, Same Time International Limited, a wholly-owned subsidiary of the Company, entered into an agreement with a company owned by the executive directors to dispose of all the issued shares in Dyford for a cash consideration of HK\$57,000,000. STE entered into agreements with directors and their family member to sell the STE's properties for a cash consideration of HK\$8,420,000. These transactions were approved at a special general meeting of the Company on 14 October 2011. The assets and liabilities have been classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" respectively and are presented separately in this Interim Financial Information (note 16).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the six months ended 30 September 2011, the revenue of the Group from continuing operations amounting to HK\$847,331,069 (2010: HK\$663,961,839) representing an increase of 28% compared with last corresponding period whereas the loss attributable to owners amounted to HK\$17,792,362 (2010: profit attributable to owners amounted to HK\$35,774,756).

Financial review

The Group is principally engaged in the manufacturing and selling of printed circuit boards ("PCB") and consumer electronic products. Electronic products segment ceased operation and was classified as the discontinued operation during the six months ended 30 September 2011 and 2010.

The revenue for the six months ended 30 September 2011 and 2010 are as follows:

	Six months ended		Increase/ (decrease) %
	2011 HK\$	2010 HK\$	
Printed circuit boards	847,331,069	663,961,839	28
Electronic products (discontinued operation)	—	2,179,987	(100)
	847,331,069	666,141,826	27

In the current period, the total revenue from customers in Hong Kong, Macao and Mainland China represented 66% (2010: 58%) of the Group's total revenue.

As the revenue of electronic products segment only represented lower than 1% of the Group's total revenue, the following analysis is only applied to the PCB segment.

Cost of sales

Cost of sales in the current period increased to HK\$789,046,178 (2010: HK\$565,488,215) representing an increase of 40% comparing to last corresponding period.

The decline in gross profit margin from 14.8% to 6.9% was mainly due to the increase in raw material costs and the appreciation of Renminbi.

Other operating income

Other operating income included sales of manufacturing by-products amounting to HK\$20,777,327 (2010: HK\$2,615,490) and government subsidies of Mainland China amounting to HK\$2,558,598 (2010: HK\$475,735).

Administrative expenses

Administrative expenses increased to HK\$53,132,141 (2010: HK\$37,898,389) representing an increase of 40% compared with last corresponding period. Net exchange loss amounting to HK\$14,763,257 (2010: HK\$2,118,460) due to the appreciation of Renminbi was included.

Other operating expenses

Other operating expenses mainly included unrealised loss from change in fair value of convertible redeemable bond amounted to HK\$1,651,000 (2010: Nil) and bad debts written off amounting to HK\$206,165 (2010: HK\$4,039,732) which represented lower than 0.1% (2010: 0.6%) of total revenue.

Finance costs

Finance costs amounting to HK\$18,672,113 (2010: HK\$15,149,014) represented an increase of 23% compared with last period, which was mainly due to the following reasons:

- (i) the additional loans for financing the construction and operation of the Jiangxi factory;
- (ii) the increase of People's Bank of China benchmark lending rate; and
- (iii) the issuance of a HK\$90 million convertible redeemable bond in current period.

Review of operations

Printed Circuit Boards Segment

Revenue increased to HK\$847,331,069 (2010: HK\$663,961,839) which accounted for 100% (2010: more than 99%) of the Group's total revenue for the current period. Segment result decreased to HK\$21,721,574 (2010: HK\$49,883,281), which was due to the increase in raw material costs and the appreciation of Renminbi.

Electronic Products Segment (Discontinued Operation)

As electronic products segment ceased operation, there was no revenue recorded in current period (2010: HK\$2,179,987). Segment result recorded a loss of HK\$135,168 (2010: profit of HK\$10,081,996).

Liquidity and financial resources

At 30 September 2011, the total borrowings of the Group, including obligations under finance leases and convertible redeemable bond, amounted to HK\$595,515,908 (31 March 2011: HK\$471,802,590) which were payable in Hong Kong dollars, United States dollars and Renminbi. The Group's gearing ratio at 30 September 2011, which was calculated as the ratio of total borrowings less cash at banks and in hand to total equity, was 95% (31 March 2011: 91%).

At 30 September 2011, the Group's total borrowings were repayable as follows:

	30 September 2011 HK\$		31 March 2011 HK\$	
Within one year	319,726,313	54%	290,487,185	62%
In the second year	126,194,808	21%	113,693,476	24%
In the third to fifth years	149,594,787	25%	67,621,929	14%
	<u>595,515,908</u>	100%	<u>471,802,590</u>	100%

At 30 September 2011, the Group's banking facilities were summarised as follows:

	30 September 2011 HK\$	31 March 2011 HK\$
Total banking facilities granted	493,322,764	496,593,446
Facilities utilised	(439,490,975)	(427,841,835)
Available facilities	<u>53,831,789</u>	<u>68,751,611</u>

Among the total facilities, banking facilities amounted to HK\$383,559,973 (31 March 2011: HK\$371,034,137) were secured by a legal charge on the Group's assets with a net book value of HK\$727,707,583 (31 March 2011: HK\$660,115,818).

One of the banking facilities granted to the Group has stipulated that the assets should not be pledged without the lending bank's permission. At 30 September 2011, the Group breached such covenant. The facility from the bank was HK\$60,979,328 which was fully utilised. Accordingly, the non-current portion of bank loan amounted to HK\$36,587,597 was reclassified as a current liability in the unaudited condensed consolidated statement of financial position as at 30 September 2011. The Directors have reviewed the Group's cash flows projection which is prepared based on the assumption that the Group's existing banking facilities will continue to be available or can be replaced by new facilities. The Directors believe that the Group will have sufficient financial resources to finance its operations and be able to continue as a going concern in the foreseeable future.

At 30 September 2011, obligations under finance leases of the Group amounted to HK\$63,003,933 (31 March 2011: HK\$43,960,754) were secured by a legal charge on the Group's property, plant and equipment with a net book amount of HK\$106,941,999 (31 March 2011: HK\$133,581,431).

At 30 September 2011, the convertible redeemable bond of the Group amounted to HK\$93,021,000 (31 March 2011: Nil).

Employees, remuneration policies

At 30 September 2011, approximately 4,451 (30 September 2010: 3,985) staff members and workers were employed in our Chang An factory, Feng Gang factory and Jiangxi factory in Mainland China and 39 (30 September 2010: 40) staff members were employed in the Group's Hong Kong and Macao offices. Staff costs, excluding directors' remuneration, amounted to HK\$100,311,010 for the six months ended 30 September 2011 (2010: HK\$78,429,410). 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, United States dollars and Renminbi. The Group had not used financial instruments extensively to hedge against such risk during the period but will closely monitor the change and use financial instruments when necessary.

Prospects

The forthcoming business environment is still difficult and challenging. Possible increase in raw material prices, labour costs, interest rates and appreciation of Renminbi are the potential burden to the Group. In order to alleviate the negative impact caused by these factors, the Group will strive to enhance operational efficiency and productivity via more stringent cost control and increase automation.

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.

Interests of directors and chief executive in equity or debt securities

As at 30 September 2011, the interests of the directors and chief executive 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 Issuers (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

Name	Number of shares	Nature of interest	Percentage of shareholding
Yip Sum Yin	35,293,973 (Note 1)	Settlor and beneficiary of trust	51.67%
Yip How Yin, Maurice	35,293,973 (Note 1)	Settlor and beneficiary of trust	51.67%
Yu Hung Min	31,695,475 (Note 1)	Beneficiary of a trust	46.40%
Chung Chi Shing	50,766,000	(Note 2)	74.32%

Notes:

- 31,695,475 shares of HK\$0.10 each of the Company (“Shares”) were beneficially owned by Sum Tai Holdings Limited (“Sum Tai”), 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.
- 766,000 Shares were owned by Mr. Chung Chi Shing personally. The balance of 50,000,000 Shares were corporate interest, being the maximum number of Shares issuable under a HK\$90 million convertible redeemable bond (the “Bond”) held by the Union Gold Group Limited (“United Gold”), in which Mr. Chung Chi Shing has 50% interest.

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 2011, none of the directors or 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, its subsidiaries or its holding company a party to any arrangement to enable the directors or chief executive 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 2011, 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:

Name	Number of shares	Nature of interest	Percentage of shareholding
Sum Tai	31,695,475 (Note 1)	Beneficial owner	46.40%
Aberdare	31,695,475 (Note 1)	Corporate interest	46.40%
Maroc (Note 2)	3,598,498	Beneficial owner	5.26%
Union Gold	50,000,000 (Note 3)	Beneficial owner	73.21%
Chen Geng	50,000,000 (Note 3)	Corporate interest	73.21%
Global Hill Limited	50,000,000 (Note 3)	Corporate interest	73.21%
Standard Smart Limited	50,000,000 (Note 3)	Corporate interest	73.21%

Notes:

1. These Shares were beneficially owned by Sum Tai. Please refer to the note to the section headed "Interests of directors and chief executive in equity or debt securities" above.
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. Union Gold is the holder of the Bond, pursuant to which a maximum of 50,000,000 Shares are issuable. Each of Global Hill Limited and Standard Smart Limited holds 50% interest in Union Gold. Global Hill Limited is wholly owned by Mr. Chen Geng. Standard Smart Limited is wholly owned by Mr. Chung Chi Shing.

Save as disclosed above, as at 30 September 2011, 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Purchase, sale or redemption of Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any shares of the Company during the six months ended 30 September 2011 period.

Corporate governance

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 provision of the Code of Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules at any time during the six months ended 30 September 2011.

Model Code

The Company has adopted the Model Code as its code of conduct regarding the directors' securities transactions. The Company had made specific enquiry with all directors of the Company, who have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 September 2011.

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 including the review of the interim report for the six months ended 30 September 2011.

Auditor

The Group's external auditor, PricewaterhouseCoopers, has conducted a review of the Interim Financial Information of the Group for the six months ended 30 September 2011 in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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 staffs for their contribution during the period.

On behalf of the Board

YIP Sum Yin

Chairman

Hong Kong, 28 November 2011