



Same Time Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 451

Interim Report

2013

CORPORATE INFORMATION

Directors

Executive Directors

Mr YIP Sum Yin (*Chairman*)
Madam YU Hung Min
Mr CHUNG Chi Shing
Mr MAO Lu
Mr YIP Wing Fung

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
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
Hong Kong

Principal Banks

Bank of China Limited
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 Transfer Office

Tricor Abacus Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

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 2013.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

		Six months ended 30 September	
	Note	2013 HK\$	2012 HK\$
Revenue	6	839,217,170	744,199,513
Cost of sales		(760,468,591)	(719,964,898)
Gross profit		78,748,579	24,234,615
Other income	7	43,959,858	52,420,581
Distribution and marketing costs		(13,328,837)	(9,177,007)
Administrative expenses		(57,382,071)	(36,958,544)
Other expenses		(1,434,353)	(3,072,323)
Operating profit	8	50,563,176	27,447,322
Realised loss on embedded derivatives upon conversion of convertible redeemable bond	17	-	(19,346,000)
Change in fair value of embedded derivatives	17	(38,160,000)	(145,696,960)
Finance income		159,796	101,830
Finance costs		(15,080,225)	(19,458,585)
Loss before income tax		(2,517,253)	(156,952,393)
Income tax (expense)/credit	9	(7,663,090)	17,252,494
Loss attributable to owners of the Company		<u>(10,180,343)</u>	<u>(139,699,899)</u>
Basic and diluted loss per share attributable to the owners of the Company	11	<u>(11.8 cents)</u>	<u>(183.8 cents)</u>

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 2013**

**Six months ended
30 September**

	2013	2012
	HK\$	HK\$
Loss for the period	(10,180,343)	(139,699,899)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
– Currency translation differences	12,795,974	(1,476,502)
<i>Item that will not be reclassified subsequently to profit or loss</i>		
– Revaluation surplus on buildings, net of deferred tax	5,491,077	20,870,470
Other comprehensive income for the period, net of tax	18,287,051	19,393,968
Total comprehensive income/(expenses) attributable to owners of the Company for the period	8,106,708	(120,305,931)

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 2013**

	Note	30 September 2013 HK\$	31 March 2013 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	12	970,316,244	958,011,210
Land use rights	12	21,015,950	20,901,985
Non-current deposits		10,906,620	12,037,691
Other non-current asset		350,000	350,000
		1,002,588,814	991,300,886
Current assets			
Inventories	13	187,438,524	193,118,019
Trade and other receivables	14	363,267,031	346,003,766
Pledged bank deposits		5,655,540	10,929,704
Cash at banks and in hand		63,777,833	47,115,302
		620,138,928	597,166,791
Total assets		1,622,727,742	1,588,467,677
EQUITY			
Capital and reserves			
Share capital	19	8,594,852	8,594,852
Reserves		426,725,507	418,618,799
Total equity		435,320,359	427,213,651

		30 September 2013 HK\$	31 March 2013 HK\$
	Note		
LIABILITIES			
Non-current liabilities			
Borrowings	16	50,510,642	101,787,267
Convertible redeemable bond	17	–	218,852,570
Deferred income tax liabilities		14,251,264	15,073,161
Deferred income	18	20,955,212	20,820,189
		85,717,118	356,533,187
Current liabilities			
Trade and other payables	15	500,574,830	459,656,464
Borrowings	16	303,778,560	300,875,677
Convertible redeemable bond	17	258,264,570	–
Current income tax liabilities		39,072,305	44,188,698
		1,101,690,265	804,720,839
Total liabilities		1,187,407,383	1,161,254,026
Total equity and liabilities		1,622,727,742	1,588,467,677
Net current liabilities		(481,551,337)	(207,554,048)
Total assets less current liabilities		521,037,477	783,746,838

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 2013**

	Share capital HK\$	Share premium HK\$	Contributed surplus HK\$	Revaluation reserve HK\$	Legal reserve HK\$	Exchange reserve HK\$	Retained profits/ accumulated losses HK\$	Total HK\$
At 1 April 2013	8,594,852	252,636,739	14,802,582	57,544,279	18,680,216	103,998,874	(29,043,891)	427,213,651
Transfer to legal reserve	-	-	-	-	2,317,060	-	(2,317,060)	-
Total comprehensive income for the period	-	-	-	5,491,077	-	12,795,974	(10,180,343)	8,106,708
Legal reserve realised upon liquidation of a subsidiary	-	-	-	-	(48,544)	-	48,544	-
At 30 September 2013	8,594,852	252,636,739	14,802,582	63,035,356	20,948,732	116,794,848	(41,492,750)	435,320,359
At 1 April 2012	6,829,852	187,068,933	14,802,582	32,929,536	10,408,538	98,766,385	154,620,829	505,426,655
Issuance of shares	1,365,000	40,294,806	-	-	-	-	-	41,659,806
Shares issued upon conversion of convertible redeemable bond	400,000	25,273,000	-	-	-	-	-	25,673,000
Transfer to legal reserve	-	-	-	-	1,613,846	-	(1,613,846)	-
Total comprehensive expenses for the period	-	-	-	20,870,470	-	(1,476,502)	(139,699,899)	(120,305,931)
At 30 September 2012	8,594,852	252,636,739	14,802,582	53,800,006	12,022,384	97,289,883	13,307,084	452,453,530

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 2013**

**Six months ended
30 September**

	2013 HK\$	2012 HK\$
Net cash generated from operating activities	119,241,548	40,440,435
Net cash used in investing activities	(51,686,206)	(38,015,921)
Net cash (used in)/generated from financing activities	(54,884,263)	13,634,105
Increase in cash and cash equivalents	12,671,079	16,058,619
Cash and cash equivalents at the beginning of the period	47,115,302	29,637,112
Effect of foreign exchange rate changes	3,991,452	1,672,521
Cash and cash equivalents at the end of the period	63,777,833	47,368,252
Analysis of cash and cash equivalents:		
Cash at banks and in hand	63,777,833	47,368,252

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.

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 29 November 2013.

This Interim Financial Information has not been audited.

2 Basis of preparation

This Interim Financial Information for the six months ended 30 September 2013 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

As at 30 September 2013, (i) the Group's current liabilities exceeded its current assets by approximately HK\$481,551,000; (ii) the total borrowings of the Group excluding the fair value of the embedded derivatives of the convertible redeemable bond (which will not be settled in cash upon its conversion) amounted to HK\$410,718,000, of which approximately HK\$360,207,000 will be due for repayment in the coming twelve months.

The Group meets its day to day working capital requirements, capital expenditure and other financing obligations through cash inflow from operating activities, facilities obtained from banks and other fund raising activities.

2 Basis of preparation (Continued)

The Group successfully renewed banking facilities that were due during the six months ended 30 September 2013. In addition, management maintains continuous communication with the Group's principal banks on the renewal of existing banking facilities and the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that the bank loans and banking facilities will be renewed when their current terms expire. The Directors have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to renew the current bank loans upon expiry.

Up to the date of approval of the Interim Financial Information, the Directors are not aware of any intention of the Group's principal banks to withdraw their banking facilities granted or request early repayment of the utilised facilities within the next twelve months from the end of the reporting period.

Based on the Group's cash flow projection and taking into account the reasonably possible changes in trading performance and the ongoing support from the Group's 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 within the next twelve months from the end of the reporting period. Accordingly, the Directors are of the opinion that it is appropriate to prepare the 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 2013.

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

3 Accounting policies (Continued)

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 Group's accounting periods beginning on 1 April 2013:

HKAS 1 (Amendment)	Presentation of items of other comprehensive income
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HKFRS 1 (Amendment)	Government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures – offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 13	Fair value measurement
HK (IFRIC) – Int 20	Stripping costs in the production phase of a surface mine
Annual improvements	Amendment to a number of HKFRSs issued in June 2012

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 and revised HKFRSs that have been issued but are not yet effective for the Group's accounting periods beginning on 1 April 2013:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial instruments: Presentation – offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting	1 January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
Additions to HKFRS 9	Financial instruments: financial liabilities	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities	1 January 2014
HK (IFRIC) – Int 21	Levies	1 January 2014

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

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 2013.

5 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity 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 2013.

There have been no changes in the risk management policies of the Group since the year ended 31 March 2013.

(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 2013			
Trade and other payables	500,574,830	–	–
Shareholder's loan	20,000,000	–	–
Bank loans	271,950,419	40,096,521	–
Obligations under finance leases	21,744,866	9,226,207	3,580,836
Convertible redeemable bond	59,287,000	–	–
	<u>873,557,115</u>	<u>49,322,728</u>	<u>3,580,836</u>
At 31 March 2013			
Trade and other payables	459,656,464	–	–
Bank loans	287,218,258	46,613,644	38,235,439
Obligations under finance leases	29,211,706	14,981,321	9,088,114
Convertible redeemable bond	587,000	59,287,000	–
	<u>776,673,428</u>	<u>120,881,965</u>	<u>47,323,553</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).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 September 2013 and 31 March 2013.

	Level 1	Level 2	Level 3	Total
	HK\$	HK\$	HK\$	HK\$
At 30 September 2013				
Asset				
Buildings	–	–	290,493,663	290,493,663
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liability				
Embedded derivatives	–	–	201,836,000	201,836,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2013				
Asset				
Buildings	–	–	283,307,807	283,307,807
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liability				
Embedded derivatives	–	–	163,676,000	163,676,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the six months ended 30 September 2013, 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.

5 Financial risk management (Continued)

Financial risk factors (Continued)

(ii) *Fair value estimation (Continued)*

The carrying amounts less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, including trade and other receivables, cash and cash equivalents, trade and other payables and current borrowings approximate their fair values. The fair value of long-term borrowings equals their carrying amount as the discounting impact is not significant.

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.

As almost all of the Group's business operations relate to the manufacturing and selling of printed circuit boards, the chief operating decision-maker makes decisions about resources allocation and performance assessment based on the entity-wide financial information. Therefore, there is only one reportable segment for the Group in this period.

The Group's operations are principally located in Hong Kong and Mainland China. The revenue from external customers in Hong Kong and Mainland China for the six months ended 30 September 2013 is HK\$569,032,047 (2012: HK\$479,859,310), and the revenue from external customers in other countries is HK\$270,185,123 (2012: HK\$264,340,203).

At 30 September 2013 and 31 March 2013, all of the non-current assets are located in Hong Kong and Mainland China.

For the six months ended 30 September 2013, revenues of HK\$113,867,523 (2012: HK\$93,430,117) were derived from a single external customer. These revenues were attributable to the printed circuit boards.

7 Other income

	Six months ended 30 September	
	2013 HK\$	2012 HK\$
Amortisation of deferred income on government grants	231,460	227,171
Gain on disposal of property, plant and equipment	–	381,468
Government subsidies (Note)	7,669,179	10,824,608
Sales of manufacturing by-products	35,276,815	40,783,389
Sundries	782,404	203,945
	<u>43,959,858</u>	<u>52,420,581</u>

Note: Government subsidies represent cash received from the local municipal government in the PRC during the six months ended 30 September 2013 and 2012 as incentives to encourage export sales in the PRC, the conditions attached thereto had been fully complied with.

8 Operating profit

	Six months ended 30 September	
	2013 HK\$	2012 HK\$
Operating profit is stated after charging the following:		
Amortisation of land use rights	242,697	238,409
Bad debts written off	2,393,209	769,185
Reversal of write-off of other receivables	(3,140,391)	–
Cost of inventories sold	449,202,268	452,043,339
Depreciation:		
– Owned property, plant and equipment	59,367,686	55,707,375
– Leased property, plant and equipment	8,412,254	6,669,647
Net exchange loss/(gain)	14,271,538	(1,655,602)
Operating lease rental in respect of properties	3,203,043	2,861,649
Staff costs (including directors' and chief executive's emoluments)	<u>133,895,308</u>	<u>106,594,217</u>

9 Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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	
	2013	2012
	HK\$	HK\$
Current income tax		
Hong Kong profits tax reversed (Note)	-	(13,678,668)
Overseas taxation charged	9,841,151	5,544,991
	9,841,151	(8,133,677)
Deferred income tax		
Hong Kong profits tax reversed	-	(6,794,729)
Overseas taxation reversed	(2,178,061)	(2,324,088)
	(2,178,061)	(9,118,817)
	7,663,090	(17,252,494)

Note: The Hong Kong Inland Revenue Department (the "IRD") questioned the basis of tax reporting for certain transactions adopted by certain subsidiaries of the Group in prior years. Hong Kong profits tax of approximately HK\$20,500,000 was recorded in the Group's consolidated financial statements for the year ended 31 March 2008. During the six months ended 30 September 2012, the case has been resolved with the IRD, a reversal of current income tax of approximately HK\$13,679,000 and write-back of deferred tax liabilities of approximately HK\$6,795,000 were booked in the Group's consolidated income statement for the six months ended 30 September 2012.

10 Dividend

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2013 (2012: Nil).

II Loss per share

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

Basic

	Six months ended 30 September	
	2013	2012
Number of shares		
Weighted average number of ordinary shares in issue	85,948,520	76,001,799
	HK\$	HK\$
Loss attributable to owners of the Company	(10,180,343)	(139,699,899)
Basic loss per share attributable to owners of the Company	(11.8 cents)	(183.8 cents)

Diluted

For both the six months ended 30 September 2013 and 2012, 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.

12 Capital expenditure

	Property, plant and equipment <i>HK\$</i>	Land use rights <i>HK\$</i>	Total <i>HK\$</i>
Six months ended			
30 September 2013			
Net book amount at			
1 April 2013	958,011,210	20,901,985	978,913,195
Exchange differences	15,817,352	356,662	16,174,014
Additions	57,916,682	–	57,916,682
Disposals	(274,635)	–	(274,635)
Revaluation surplus	6,625,575	–	6,625,575
Amortisation/depreciation	(67,779,940)	(242,697)	(68,022,637)
	<hr/>	<hr/>	<hr/>
Net book amount at			
30 September 2013	970,316,244	21,015,950	991,332,194
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Six months ended			
30 September 2012			
Net book amount at			
1 April 2012	968,237,517	21,309,965	989,547,482
Exchange differences	(5,474,726)	(127,012)	(5,601,738)
Additions	32,639,973	–	32,639,973
Disposals	(986,710)	–	(986,710)
Revaluation surplus	27,886,093	–	27,886,093
Amortisation/depreciation	(62,377,022)	(238,409)	(62,615,431)
	<hr/>	<hr/>	<hr/>
Net book amount at			
30 September 2012	959,925,125	20,944,544	980,869,669
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

- (a) At 30 September 2013, the net book amount of property, plant and equipment and land use rights pledged as securities for the bank loans of the Group amounted to HK\$352,187,144 (31 March 2013: HK\$351,436,327).
- (b) At 30 September 2013, the net book amount of property, plant and equipment held by the Group under finance leases amounted to HK\$63,280,112 (31 March 2013: HK\$93,271,914).

12 Capital expenditure (Continued)

- (c) The Group's buildings were revalued individually on 30 September 2013 by Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent professional qualified valuer, at an aggregate open market value of HK\$290,493,663 (31 March 2013: HK\$283,307,807). During the six months ended 30 September 2013, a revaluation surplus totalling HK\$6,625,575 (2012: HK\$27,886,093), resulting from the above valuations, has been credited to revaluation reserve. As at 30 September 2013, had these buildings been carried at historical cost less accumulated depreciation and impairment losses, their net book amount would have been HK\$ 217,575,359 (31 March 2013: HK\$216,558,943).

The revalued amounts of buildings are determined on depreciated replacement cost basis. The methodology is based on estimates of the fair value for the existing use of buildings, plus the current cost of replacing the improvements less deduction for physical deterioration and all relevant forms of obsolescence and optimization. Significant judgements were used in determining the revalued amounts of buildings.

13 Inventories

	30 September 2013 HK\$	31 March 2013 HK\$
Raw materials	69,124,754	74,423,355
Work in progress	40,705,689	50,527,534
Finished goods	77,608,081	68,167,130
	187,438,524	193,118,019

The cost of inventories recognised as expense and included in "cost of sales" amounted to HK\$449,202,268 (2012: HK\$452,043,339).

14 Trade and other receivables

Included in trade and other receivables are trade receivables of HK\$320,774,370 (31 March 2013: HK\$282,169,290). The ageing analysis of trade receivables, net of provision, is as follows:

	30 September 2013 HK\$	31 March 2013 HK\$
0 – 60 days	247,068,640	191,729,961
61 – 120 days	64,048,483	76,822,361
121 – 180 days	6,060,698	10,139,572
181 – 240 days	2,779,655	2,773,952
Over 240 days	816,894	703,444
	<u>320,774,370</u>	<u>282,169,290</u>

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

15 Trade and other payables

Included in trade and other payables are trade payables of HK\$353,629,247 (31 March 2013: HK\$343,781,612). The ageing analysis of trade payables is as follows:

	30 September 2013 HK\$	31 March 2013 HK\$
0 – 60 days	136,619,481	128,823,585
61 – 120 days	138,428,693	125,712,885
121 – 180 days	64,928,334	61,532,981
181 – 240 days	10,755,021	16,838,521
Over 240 days	2,897,718	10,873,640
	<u>353,629,247</u>	<u>343,781,612</u>

16 Borrowings

	30 September 2013 HK\$	31 March 2013 HK\$
Non-current		
Bank loans	37,703,600	80,274,663
Obligations under finance leases	12,807,042	21,512,604
	50,510,642	101,787,267
Current		
Bank loans due for repayment within one year	262,033,694	272,619,301
Obligations under finance leases	21,744,866	28,256,376
Shareholder's loan	20,000,000	–
	303,778,560	300,875,677
Total	354,289,202	402,662,944

Movements in borrowings are analysed as follows:

	Six months ended 30 September	
	2013 HK\$	2012 HK\$
At the beginning of the period	402,662,944	443,582,717
Exchange differences	6,617,990	(2,300,861)
New bank loans	92,690,261	119,206,083
Shareholder's loan	20,000,000	–
Repayments of borrowings	(167,681,993)	(147,231,784)
At the end of the period	354,289,202	413,256,155

The shareholder's loan is unsecured, interest-free and fully repayable in July 2014.

17 Convertible redeemable bond

	30 September 2013 HK\$	31 March 2013 HK\$
Liability components	56,428,570	55,176,570
Fair value of the embedded derivatives	201,836,000	163,676,000
	<u>258,264,570</u>	<u>218,852,570</u>

On 16 June 2011, the Company issued a three-year 1.0% convertible redeemable bond at a total nominal value of HK\$90,000,000 due on 16 June 2014.

The bond matures three years from the date of issuance at their nominal value of HK\$90,000,000 or can be converted into ordinary shares of the Company at an original conversion price of HK\$1.80 per share, subject to adjustments, after six months from the date of issuance. The conversion price was adjusted to HK\$1.75 per share in accordance with the terms on conversion price adjustment after the Company issued 13,650,000 new shares on 25 June 2012.

The conversion price will be subject to adjustments for, amongst others, consolidation, subdivision or reclassification of shares, capitalisation of profits or reserve, capital distribution, rights issues of shares or options over shares, issues at a certain discount to current market price, change of control and other usual adjustment events. The conversion price may not be reduced so that the conversion shares may fall to be issued at a discount to their par value. The conversion feature fails the fixed-for-fixed requirement for equity classification as one of the conversion ratio adjustments does not preserve the relative interest between the bondholder and ordinary shareholders. The option is therefore regarded as derivatives with changes in fair value through profit or loss in accordance with HKAS 39, "Financial instruments: recognition and measurement".

The major terms and conditions of the convertible redeemable bond are the same as those described in the annual financial statements for the year ended 31 March 2013. According to the relevant accounting standards and the terms of the convertible redeemable bond, the liability components and the embedded derivatives of the convertible redeemable bond should be separately accounted for. The embedded derivatives concerned referred to conversion right and redemption rights of the convertible redeemable bond exercisable by the bond holders and the Company respectively.

On 17 January 2012, the Company redeemed HK\$24,300,000 of the principal amount of the convertible redeemable bond at 105% of the relevant principal amount.

17 Convertible redeemable bond (Continued)

On 13 September 2012, convertible redeemable bond with a principal amount of HK\$7,000,000 was converted into 4,000,000 ordinary shares of the Company at the price of HK\$1.75 per share. As a result, the Group recognised a loss on embedded derivatives amounting to HK\$19,346,000 upon such conversion. As at 30 September 2013, the nominal value of the outstanding convertible redeemable bond is HK\$58,700,000.

During the six months ended 30 September 2013, the Group further recognised a fair value loss on embedded derivatives of the convertible redeemable bond amounting to HK\$38,160,000 (2012: HK\$145,696,960), which is primarily a result of the changes of certain parameters during the period used to determine the fair value of the embedded derivatives including but not limited to the Company's share price and its volatility, interest rates and the likelihood of the exercise of the conversion right and redemption rights of the convertible redeemable bond by the bond holders and the Company respectively.

18 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.

19 Share capital

	Number of shares	Amount HK\$
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 April 2012, 31 March 2013 and 30 September 2013	700,000,000	70,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1 April 2012	68,298,520	6,829,852
Issuance of shares (Note a)	13,650,000	1,365,000
Shares issued upon conversion of convertible redeemable bond (Note b)	4,000,000	400,000
At 31 March 2013 and 30 September 2013	85,948,520	8,594,852

19 Share capital (Continued)

Note: (Continued)

- (a) On 23 April 2012, the Company entered into a placing agreement with Fortune (HK) Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent agreed to procure, on a best effort basis, independent placees to subscribe up to a maximum of 13,650,000 new shares of HK\$0.10 each of the Company at a price of HK\$3.13 per share. 13,650,000 shares of the Company were finally subscribed for and the placing was completed on 25 June 2012. The placement raised a total of approximately HK\$41,700,000 net of expenses for the Company.
- (b) On 13 September 2012, convertible redeemable bond with a principal amount of HK\$7,000,000 was converted into ordinary shares of the Company at the price of HK\$1.75 per share. Accordingly, 4,000,000 ordinary shares of the Company were issued.

20 Capital commitments

	30 September 2013 HK\$	31 March 2013 HK\$
Contracted but not provided for: Plant, machinery and leasehold improvements	1,256,108	19,486,929

21 Related party transactions

(a) Key management compensation

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

	Six months ended 30 September	
	2013 HK\$	2012 HK\$
Salaries and other short-term employee benefits	4,884,222	4,496,803
Pension costs	74,835	64,460
	4,959,057	4,561,263

21 Related party transactions (Continued)**(b) Leases of factories**

	Six months ended	
	30 September	
	2013	2012
	HK\$	HK\$
Mr Yip Sum Yin	126,000	–
Madam Yu Hung Min and Mr Yip Wing Fung	123,000	–
Dyford	249,000	–
	498,000	–

Leases of factories from the directors and Dyford Industries Limited (“Dyford”) are based on terms mutually agreed between the Group and the respective related parties. Dyford is a company owned by Mr Yip Sum Yin and Madam Yu Hung Min.

22 Events after the reporting period

- (a) On 17 October 2013, the Company announced that the non-legally binding memorandum of understanding dated 2 April 2013 between the Company and Sinopro Enterprises Limited was terminated as the parties failed to finalise a formal agreement.
- (b) On 29 October 2013, the Company entered into a non-legally binding memorandum of understanding (the “MOU”) with GCL Poly Energy Holdings Limited (the “Subscriber”), pursuant to which (i) the Company agreed to allot and issue certain number of shares to the Subscriber at a cash price of HK\$4.00 per share; and (ii) the Company shall issue and the Subscriber shall subscribe for a 5-year zero coupon unsecured redeemable convertible bond to be issued by the Company with a conversion price of HK\$4.00 per share, the another terms of the redeemable convertible bond are to be finalised. The aggregate proceeds to be received by the Company from the Subscriber shall be HK\$1,800,000,000.
- (c) On 30 October 2013, the Company entered into a placing agreement with Fortune (HK) Securities Limited (the “Placing Agent”), pursuant to which the Placing Agent agreed to procure, on a best effort basis, independent placees to subscribe up to an aggregate of 20,000,000 shares to be issued by the Company at a price of HK\$4.00 per share and a 5-year zero coupon unsecured redeemable convertible bonds up to the aggregate principal amount of HK\$240,000,000 with a conversion price of HK\$4.00 per share, the other terms of the redeemable convertible bond are to be finalised.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the six months ended 30 September 2013, the revenue of the Group amounting to HK\$839,217,170 (2012: HK\$744,199,513) representing an increase of 12.8% compared with last corresponding period whereas the loss attributable to owners amounted to HK\$10,180,343 (2012: loss attributable to owners amounted to HK\$139,699,899). The change in fair value of embedded derivatives of the convertible redeemable bond outstanding as at 30 September 2013 amounting to HK\$38,160,000 significantly impacted the results of the Group. Excluding this loss, the Group made an after tax profit of HK\$27,979,657 (2012: HK\$25,343,061).

Financial review

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

Revenue

The revenue for the six months ended 30 September 2013 and 2012 are as follows:

	Six months ended		
	30 September		
	2013	2012	Increase
	HK\$	HK\$	%
Printed circuit boards	<u>839,217,170</u>	<u>744,199,513</u>	12.8

In the current period, the revenue from customers in Hong Kong and Mainland China represented 68% (2012: 64%) of the Group's total revenue.

Cost of sales

Cost of sales in the current period increased to HK\$760,468,591 (2012: HK\$719,964,898) representing an increase of 5.6% comparing to last corresponding period.

The increase in gross profit margin from 3.3% to 9.4% was mainly due to the decrease in raw material costs.

Other income

Other income included sales of manufacturing by-products amounting to HK\$35,276,815 (2012: HK\$40,783,389) and government subsidies of Jiangxi factory amounting to HK\$7,669,179 (2012: HK\$10,824,608). Government subsidies represent cash received from the local municipal government in the PRC as incentives to encourage export sales, the conditions attached thereto had been fully complied with.

Distribution and marketing expenses

Distribution and marketing expenses increased to HK\$13,328,837 (2012: HK\$9,177,007) representing an increase of 45.2% compared with last corresponding period. The increase was mainly due to increase in sales commission, freights and delivery expenses during the period.

Administrative expenses

Administrative expenses increased to HK\$57,382,071 (2012: HK\$36,958,544) representing an increase of 55.3% compared with last corresponding period. Net exchange loss amounting to HK\$14,271,538 (2012: net exchange gain amounting to HK\$1,655,602) due to the appreciation of Renminbi was included.

Finance costs

Finance costs amounting to HK\$15,080,225 (2012: HK\$19,458,585) represented a decrease of 22.5% compared with last period, which was mainly due to the reduced borrowing level.

Loss relating to the convertible redeemable bond

According to the relevant accounting standards and the terms of the convertible redeemable bond, the liability components and the embedded derivatives of the convertible redeemable bond should be separately accounted for. The embedded derivatives concerned referred to conversion right and redemption rights of the convertible redeemable bond exercisable by the bond holders and the Company respectively.

During the period under review, the Group recognised a fair value loss on embedded derivatives of the convertible redeemable bond amounting to HK\$38,160,000, which is primarily a result of the changes of certain parameters during the period used to determine the fair value of the embedded derivatives including but not limited to the Company's share price and its volatility, interest rates and the likelihood of the exercise of the conversion right and redemption rights of the convertible redeemable bond by the bond holders and the Company respectively.

Liquidity and financial resources

At 30 September 2013, the liability component and the fair value of the embedded derivatives of convertible redeemable bond amounted to HK\$56,428,570 (31 March 2013: HK\$55,176,570) and HK\$201,836,000 (31 March 2013: HK\$163,676,000) respectively.

On the basis that the convertible redeemable bond will be settled on a cash basis, the total borrowings of the Group at 30 September 2013, excluding the fair value of the embedded derivatives of the convertible redeemable bond (which will not be settled in cash upon its conversion), amounted to HK\$410,717,772 (31 March 2013: HK\$457,839,514) which were mainly payable in Hong Kong dollars and Renminbi. The Group's gearing ratio at 30 September 2013, which was calculated as the ratio of total borrowings less pledged bank deposits and cash at banks and in hand to total equity, was 78% (31 March 2013: 94%).

At 30 September 2013, the Group's total borrowings were repayable as follows:

	30 September 2013 HK\$		31 March 2013 HK\$	
Within one year	360,207,130	73%	300,875,677	66%
In the second year	46,929,807	26%	112,094,868	24%
In the third to fifth years	3,580,835	1%	44,868,969	10%
	<u>410,717,772</u>	100%	<u>457,839,514</u>	100%

At 30 September 2013, the Group's banking facilities were summarised as follows:

	30 September 2013 HK\$	31 March 2013 HK\$
Total banking facilities granted	389,603,861	456,948,081
Facilities utilised	(299,737,294)	(352,893,964)
Available facilities	<u>89,866,567</u>	<u>104,054,117</u>

Among the total facilities, banking facilities amounted to HK\$339,332,395 (31 March 2013: HK\$370,498,444) were secured by a legal charge on the Group's assets with a net book value of HK\$357,842,684 (31 March 2013: HK\$362,366,031).

At 30 September 2013, obligations under finance leases of the Group amounted to HK\$34,551,908 (31 March 2013: HK\$49,798,980) were secured by a legal charge on the Group's property, plant and equipment with a net book amount of HK\$63,280,112 (31 March 2013: HK\$93,271,914).

Employees and remuneration policies

At 30 September 2013, 3,778 (30 September 2012: 4,108) staff members and workers were employed in our Chang An factory, Feng Gang factory and Jiangxi factory in Mainland China and 52 (30 September 2012: 45) staff members were employed in the Group's Hong Kong offices. Staff costs, excluding directors' remuneration, amounted to HK\$128,936,251 for the six months ended 30 September 2013 (2012: HK\$102,032,954). 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 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.

Prospect

We got improvement on our business and operation in the past six months. However, we still face possible increase in the operation cost such as increase in labour costs and appreciation of Renminbi. In order to get further improvement, the Group would not only adopt more cost control measures, but also strengthen our marketing team in overseas market.

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 2013, 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	41.06%
Yip How Yin, Maurice	35,293,973 (Note 1)	Settlor and beneficiary of trust	41.06%
Yu Hung Min	31,695,475 (Note 1)	Beneficiary of a trust	36.88%
Yip Wing Fung	31,695,475 (Note 1)	Beneficiary of a trust	36.88%
Chung Chi Shing	34,968,857	(Note 2)	40.69%

Note:

1. 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.
2. 876,000 Shares were owned by Mr Chung Chi Shing personally. The balance of 34,092,857 Shares were corporate interest which 550,000 shares and the maximum number of 33,542,857 Shares issuable under a HK\$58,700,000 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 of the Group, as at 30 September 2013, 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 or its subsidiaries 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 2013, 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	36.88%
Aberdare	31,695,475 (Note 1)	Corporate interest	36.88%
Maroc (Note 2)	3,598,498	Beneficial owner	4.19%
Union Gold	34,092,857 (Note 3)	Beneficial owner	39.67%
Chen Geng	34,092,857 (Note 3)	Corporate interest	39.67%
Global Hill Limited	34,092,857 (Note 3)	Corporate interest	39.67%
Standard Smart Limited	34,092,857 (Note 3)	Corporate interest	39.67%

Same Time Holdings Limited

Name	Number of shares	Nature of interest	Percentage of shareholding
China Champion Investment Limited	6,700,000 (Note 4)	Beneficial owner	7.80%
Cheng Shenghong	6,700,000 (Note 4)	Corporate interest	7.80%
Zhong Ke Bright Trinity Enterprises Limited	6,700,000 (Note 5)	Beneficial owner	7.80%
Yu Yapeng	6,700,000 (Note 5)	Corporate interest	7.80%
China Investment Fund Co. Limited	4,394,000	Corporate interest	5.11%

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 held 550,000 Shares and the Bond which a maximum of 33,542,857 Shares are issuable upon conversion. 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.
4. These Shares were beneficially owned by China Champion Investment Limited. It is a controlled corporation of Mr Cheng Shenghong.
5. These Shares were beneficially owned by Zhong Ke Bright Trinity Enterprises Limited. Mr Yu Yapeng holds 52% interest in Zhong Ke Bright Trinity Enterprises Limited.

Save as disclosed above, as at 30 September 2013, 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

The Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries have purchased or sold any of the shares of the Company during the six months ended 30 September 2013.

Corporate governance

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules.

During the six months ended 30 September 2013, the Company was in compliance with the code provisions set out in the CG Code except for the deviation from the code provisions A.5.1, A.6.7 and D.1.4, which are explained below.

Code provision A.5.1 of the CG Code requires that issuers should establish a nomination committee. The Company had not set up a Nomination Committee. Pursuant to the Company's Bye-laws, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall retire and be eligible for re-election at the next following general meeting after appointment. Executive directors identify potential new directors and recommend to the Board for decision. In considering the nomination of a new director, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of independent non-executive directors, the Board follows the requirements set out in the Listing Rules.

Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Three independent non-executive directors, Mr LAI Wing Leung, Peter, Mr LAM Kwok Cheong and Madam LEE Mei Ling, did not attend the annual general meeting of the Company held on 19 July 2013 by the reason of their another business engagement.

Code provision D.1.4 of the CG Code requires that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company had formal letters of appointment for Directors except two executive directors, Mr YIP Sum Yin and Madam YU Hung Min. However, the Directors shall be subject to retirement in accordance with the Articles. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as the aforesaid, 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 provisions of the CG Code at any time during the six months ended 30 September 2013.

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 2013.

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 2013.

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 2013 in accordance with 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, 29 November 2013