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Elec & Eltek 依利安達

Elec & Eltek International Holdings Limited

(Incorporated in Bermuda with limited liability)

Announcement in relation to the Second Quarter Results of a Subsidiary

EEIC, a 51.77% owned subsidiary of Elec & Eltek International Holdings Limited, announced its unaudited consolidated results for the three months period ended 31 December 2003 on the Singapore Exchange Securities Trading Limited on 12 February 2004.

This announcement, reproducing hereinbelow the unaudited consolidated results (the “Results”) of Elec & Eltek International Company Limited (“EEIC” and hereinbelow referred to as the “Company”) and its subsidiaries (collectively hereinbelow referred to as the “Group”) for the three months period ended 31 December 2003, is made pursuant to paragraph 2 of the Listing Agreement (the listing agreement entered into between Elec & Eltek International Holdings Limited and The Stock Exchange of Hong Kong Limited).

EEIC is a public company listed on the Singapore Exchange Securities Trading Limited as to 51.77% owned by Elec & Eltek International Holdings Limited.

The Results are prepared in accordance with the provision of the Singapore Financial Reporting Standards and are released in the website of www.sgx.com of the Singapore Exchange Securities Trading Limited on 12 February 2004:

“Elec & Eltek International Company Limited

Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 31 December 2003

PART I — INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

- (i) Income statement of the Group for the second quarter (“Q2 FY2004”) and half year (“1H FY2004”) ended 31 December 2003 together with the comparative figures for the second quarter (“Q2 FY2003”) and half year (“1H FY2003”) ended 31 December 2002.

These figures have not been audited.

S\$'000	Q2 FY2004 vs Q2 FY2003			1H FY2004 vs 1H FY2003		
	Q2 FY2004	Q2 FY2003	% Change	1H FY2004	1H FY2003	% Change
Sale of goods	153,235	119,762	27.9%	280,221	206,712	35.6%
Cost of sales	(116,822)	(91,706)	27.4%	(218,738)	(162,549)	34.6%
Gross profit	36,413	28,056	29.8%	61,483	44,163	39.2%
<i>Gross profit margin</i>	<i>23.8%</i>	<i>23.4%</i>		<i>21.9%</i>	<i>21.4%</i>	
Other revenue						
Interest income	47	36	30.6%	131	77	70.1%
Costs and expenses						
Distribution & selling costs	(6,368)	(5,691)	11.9%	(13,009)	(11,426)	13.9%
Administrative costs	(7,763)	(6,113)	27.0%	(15,096)	(10,765)	40.2%
Other operating (expenses)/ income	(36)	(279)	-87.1%	98	(295)	-133.2%
Profit from operating activities	22,293	16,009	39.3%	33,607	21,754	54.5%
Interest expense	(622)	(410)	51.7%	(1,145)	(633)	80.9%
Exceptional item	0	(462)	n/m	0	(646)	n/m
Profit before taxation	21,671	15,137	43.2%	32,462	20,475	58.5%
Taxation	(1,613)	(1,072)	50.5%	(1,965)	(1,491)	31.8%
Profit after taxation	20,058	14,065	42.6%	30,497	18,984	60.6%
Minority interests	(1,378)	(1,257)	9.6%	(2,067)	(1,966)	5.1%
Profit attributable to shareholders	18,680	12,808	45.8%	28,430	17,018	67.1%

n/m — percentage not meaningful

- (ii) Income statement of the Group for Q2 FY2004 and 1H FY2004 together with the comparative figures for the first quarter ended 30 September 2003 (“Q1 FY2004”) and second half year ended 30 June 2003 (“2H FY2003”).

S\$'000	Q2 FY2004 vs Q1 FY2004			1H FY2004 vs 2H FY2003		
	Q2 FY2004	Q1 FY2004	% Change	1H FY2004	2H FY2003	% Change
Sale of goods	153,235	126,986	20.7%	280,221	223,033	25.6%
Cost of sales	(116,822)	(101,916)	14.6%	(218,738)	(184,003)	18.9%
Gross profit	36,413	25,070	45.2%	61,483	39,030	57.5%
<i>Gross profit margin</i>	<i>23.8%</i>	<i>19.7%</i>		<i>21.9%</i>	<i>17.5%</i>	
Other revenue						
Interest income	47	84	-44.0%	131	47	178.7%
Costs and expenses						
Distribution & selling costs	(6,368)	(6,641)	-4.1%	(13,009)	(11,751)	10.7%
Administrative costs	(7,763)	(7,333)	5.9%	(15,096)	(16,005)	-5.7%
Other operating (expenses)/ income	(36)	134	-126.9%	98	166	-41.0%
Profit from operating activities	22,293	11,314	97.0%	33,607	11,487	192.6%
Interest expense	(622)	(523)	18.9%	(1,145)	(1,110)	3.2%
Exceptional item	0	0	n/m	0	(432)	n/m
Profit before taxation	21,671	10,791	100.8%	32,462	9,945	226.4%
Taxation	(1,613)	(352)	358.2%	(1,965)	(889)	121.0%
Profit after taxation	20,058	10,439	92.1%	30,497	9,056	236.8%
Minority interests	(1,378)	(689)	100.0%	(2,067)	(1,175)	75.9%
Profit attributable to shareholders	18,680	9,750	91.6%	28,430	7,881	260.7%

- (iii) Notes to Income Statement:

S\$'000	Q2 FY2004 vs Q2 FY2003			1H FY2004 vs 1H FY2003		
	Q2 FY2004	Q2 FY2003	% Change	1H FY2004	1H FY2003	% Change
Depreciation and amortisation	9,389	11,700	-19.8%	18,798	21,417	-12.2%
Provision for doubtful debts	407	591	-31.1%	658	82	n/m
Provision for inventory obsolescence	13	535	-97.6%	616	1,059	-41.8%
(Gain)/loss on foreign exchange	(233)	127	n/m	(554)	24	n/m
Loss on disposal of plant and equipment	71	38	86.8%	155	125	24.0%

n/m — percentage not meaningful

S\$'000	Q2 FY2004			1H FY2004			1H FY2004 vs 2H FY2003		
				vs					
	Q2 FY2004	Q1 FY2004	% Change	1H FY2004	2H FY2003	% Change	1H FY2004	2H FY2003	% Change
Depreciation and amortisation	9,389	9,409	-0.2%	18,798	21,894	-14.1%			
Provision for doubtful debts	407	251	62.2%	658	2,598	-74.7%			
Provision/(write-back of provision) for inventory obsolescence	13	603	-97.8%	616	(1,185)	n/m			
Gain on foreign exchange	(233)	(321)	-27.4%	(554)	(435)	27.4%			
Loss on disposal of plant and equipment	71	84	-15.5%	155	97	59.8%			

n/m — percentage not meaningful

1. Group revenue for the second quarter was S\$153.2 million, up 20.7% sequentially and up 27.9% year-on-year.

The Group achieved a consolidated net profit of S\$18.7 million, up 91.6% sequentially, and 45.8% over Q2 FY2003; these include the positive financial effects of S\$2.8 million in Q1 FY2004 and S\$5.4 million in Q2 FY2004, relating to the extension of the economic useful lives of the Group's production plant and equipment from 5 or 7 years to 10 years (as announced on 12 November 2003).

2. Group distribution and selling costs were generally higher on year-on-year comparison as a result of higher shipment volumes and higher sales commission.
3. The administrative costs were higher than expected in Q2 FY2004 compared to Q2 FY2003 due to higher salary costs on additional executive appointments. There was a reversal of approximately S\$0.8 million during Q2 FY2003 in respect of provision for the 30th anniversary celebration no longer required. The administrative costs in Q2 FY2004 were consistent with that of Q1 FY2004.
4. The increase in interest expense in Q2 FY2004 compared to Q2 FY2003, and Q1 FY2004 relates to additional bank borrowings to finance the increase working capital as a result of higher shipments.
5. Reclassification of accounts — the selling & marketing costs have been reclassified from administrative costs to distribution and selling costs in order to provide a better comparison of figures. The adjustment has no impact on the overall results.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

S\$'000	Group			Company		
	31.12.2003	30.9.2003	30.6.2003	31.12.2003	30.9.2003	30.6.2003
Non-current assets						
Property, plant and equipment	377,330	370,754	368,328	63	49	46
Intangible assets	210	259	306	0	0	0
Subsidiary companies	0	0	0	35,664	35,664	35,664
Deferred tax assets	2,920	3,098	3,098	0	0	0
Current assets						
Inventories	54,252	52,455	47,968	0	0	0
Trade and other receivables	191,192	176,584	160,010	4	129	23
Due from subsidiary companies	0	0	0	156,210	182,405	199,769
Fixed and call deposits	333	6,428	8,991	33	66	49
Cash at bank and in hand	43,099	27,585	30,379	144	46	82
	<u>288,876</u>	<u>263,052</u>	<u>247,348</u>	<u>156,391</u>	<u>182,646</u>	<u>199,923</u>
Current liabilities						
Trade and other payables	(143,795)	(116,446)	(109,776)	(233)	(345)	(167)
Due to subsidiary companies	0	0	0	0	0	(16,488)
Due to bankers	(83,007)	(65,750)	(59,669)	0	0	0
Provision for taxation	(2,240)	(1,063)	(956)	(2)	(2)	(4)
	<u>(229,042)</u>	<u>(183,259)</u>	<u>(170,401)</u>	<u>(235)</u>	<u>(347)</u>	<u>(16,659)</u>
Net current assets	59,834	79,793	76,947	156,156	182,299	183,264
Non-current liabilities						
Due to bankers	(30,425)	(26,900)	(28,159)	0	0	0
Deferred tax liabilities	(3,384)	(3,625)	(3,658)	0	0	0
	<u>406,485</u>	<u>423,379</u>	<u>416,862</u>	<u>191,883</u>	<u>218,012</u>	<u>218,974</u>
Equity						
Share capital	116,851	116,851	116,851	116,851	116,851	116,851
Reserves	266,537	279,222	272,458	75,032	101,161	102,123
	383,388	396,073	389,309	191,883	218,012	218,974
Minority interests	23,097	27,306	27,553	0	0	0
	<u>406,485</u>	<u>423,379</u>	<u>416,862</u>	<u>191,883</u>	<u>218,012</u>	<u>218,974</u>

Notes to Balance Sheet:

1. During 1H FY2004, the Group incurred S\$40.6 million of capital expenditure, of which S\$27.8 million pertains to Construction-In-Progress and comprises mainly used machinery and equipment sourced from other PCB manufacturers which are still being refurbished and installed at our plants. Installation and testing of these machinery and equipment is expected to be completed in next three to six months and allow the Group to cater to increasing demand.
2. The increase in trade and other receivables, from S\$176.6 million in Q1 FY2004 to S\$191.2 million in Q2 FY2004 and trade and other payables from S\$116.4 million in Q1 FY2004 to S\$143.8 million in Q2 FY2004, were due to the increase in shipment volume and number of shipments made in current financial quarter. The inventory balances as at the quarter just ended increased marginally from S\$52.5 million to S\$54.3 million as more purchases were made to cope with the increasing customer demands.
3. Reclassification of accounts — for the comparative 30 June 2003 balance sheet, certain downpayments for purchase of machinery and equipment have been reclassified from trade and other receivables to property, plant and equipment in order to provide a better comparison of figures.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.12.2003		As at 30.6.2003	
Secured	Unsecured	Secured	Unsecured
Nil	S\$83,007,000	Nil	S\$59,669,000

Amount repayable after one year

As at 31.12.2003		As at 30.6.2003	
Secured	Unsecured	Secured	Unsecured
Nil	S\$30,425,000	Nil	S\$28,159,000

Details of any collateral

Not applicable.

Notes on net borrowing position:

S\$'000	As at 31.12.2003	As at 30.9.2003	As at 30.6.2003
Bank borrowings	113,432	92,650	87,828
Less: Bank balances, deposits and cash	<u>(43,432)</u>	<u>(34,013)</u>	<u>(39,370)</u>
Net borrowings position	<u>70,000</u>	<u>58,637</u>	<u>48,458</u>

The increase in net borrowings was attributable to drawdown of additional short term bank loan to finance the working capital and capital expenditure.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

S\$'000	Q2 FY2004	Q2 FY2003	1H FY2004	2H FY2003
Cash flow from operating activities:				
Operating profit before interest and taxation	22,246	15,511	33,476	11,008
Adjustments for:				
Amortisation of intangible assets	45	45	90	90
Depreciation of property, plant and equipment	9,344	11,655	18,708	21,804
Loss on disposal of plant and equipment	71	38	155	97
Operating income before reinvestment in working capital	31,706	27,249	52,429	32,999
(Increase)/decrease in inventories	(1,797)	7,048	(6,284)	(8,060)
Increase in trade and other receivables	(14,608)	(12,851)	(31,182)	(16,137)
Increase in trade and other payables	27,349	20,799	34,019	16,516
Cash generated from operations	42,650	42,245	48,982	25,318
Interest income received	47	36	131	47
Interest paid	(622)	(410)	(1,145)	(1,110)
Income taxes paid	(433)	(813)	(678)	(1,658)
Net cash provided by operating activities	41,642	41,058	47,290	22,597
Cash flow from investing activities:				
Proceeds from disposal of plant and equipment	51	100	86	(37)
Plant and equipment acquired	(26,426)	(7,736)	(40,633)	(27,114)
Intangible assets acquired	0	(43)	0	0
Net cash used in investing activities	(26,375)	(7,679)	(40,547)	(27,151)
Cash flow from financing activities:				
Bank borrowings obtained	20,743	2,402	25,594	34,790
Repayment of loan to minority shareholders	(5,684)	0	(5,998)	0
Proceeds from share issue pursuant to the exercise of share options	0	117	0	86
Dividends paid by the Company	(24,831)	(26,285)	(24,831)	(16,067)
Dividends paid by subsidiaries to minority shareholders	(419)	(270)	(733)	(1,639)
Net cash (used)/provided in financing activities	(10,191)	(24,036)	(5,968)	17,170
Net increase in cash and cash equivalents	5,076	9,343	775	12,616
Cash and cash equivalents at beginning of financial period	33,984	17,256	39,312	25,011
Effect of foreign exchange rate changes, net	4,304	(1,588)	3,277	1,685
Cash and cash equivalents at end of financial period	43,364	25,011	43,364	39,312

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

S\$'000	Share capital	Share premium	Capital reserve	Statutory reserve	Revenue reserve	Foreign currency translation reserve	Total shareholders' equity
Group							
Q2 FY2004							
Balance as at 30.9.2003	116,851	22,162	4,374	123	258,972	(6,409)	396,073
Transfer from revenue reserve to statutory reserve	0	0	0	141	(141)	0	0
Foreign currency translation	0	0	0	(2)	0	(6,532)	(6,534)
Profit for the financial period	0	0	0	0	18,680	0	18,680
Dividend paid in respect of previous financial year	0	0	0	0	(24,831)	0	(24,831)
Balance as at 31.12.2003	<u>116,851</u>	<u>22,162</u>	<u>4,374</u>	<u>262</u>	<u>252,680</u>	<u>(12,941)</u>	<u>383,388</u>
Q2 FY2003							
Balance as at 30.9.2002	116,780	22,030	4,374	0	271,069	(1,981)	412,272
Share issue pursuant to the exercise of share options	40	77	0	0	0	0	117
Foreign currency translation	0	0	0	0	0	(8,729)	(8,729)
Profit for the financial period	0	0	0	0	12,808	0	12,808
Dividend paid in respect of previous financial year	0	0	0	0	(26,285)	0	(26,285)
Balance as at 31.12.2002	<u>116,820</u>	<u>22,107</u>	<u>4,374</u>	<u>0</u>	<u>257,592</u>	<u>(10,710)</u>	<u>390,183</u>
1H FY2004							
Balance as at 30.6.2003	116,851	22,162	4,374	123	249,222	(3,423)	389,309
Transfer from revenue reserve to statutory reserve	0	0	0	141	(141)	0	0
Foreign currency translation	0	0	0	(2)	0	(9,518)	(9,520)
Profit for the financial period	0	0	0	0	28,430	0	28,430
Dividend paid in respect of previous financial year	0	0	0	0	(24,831)	0	(24,831)
Balance as at 31.12.2003	<u>116,851</u>	<u>22,162</u>	<u>4,374</u>	<u>262</u>	<u>252,680</u>	<u>(12,941)</u>	<u>383,388</u>
1H FY2003							
Balance as at 30.6.2002	116,780	22,026	4,374	0	266,859	892	410,931
Share issue pursuant to the exercise of share options	40	77	0	0	0	0	117
Refund of share issue expenses	0	4	0	0	0	0	4
Foreign currency translation	0	0	0	0	0	(11,602)	(11,602)
Profit for the financial period	0	0	0	0	17,018	0	17,018
Dividend paid in respect of previous financial year	0	0	0	0	(26,285)	0	(26,285)
Balance as at 31.12.2002	<u>116,820</u>	<u>22,107</u>	<u>4,374</u>	<u>0</u>	<u>257,592</u>	<u>(10,710)</u>	<u>390,183</u>

S\$'000	Share capital	Share premium	Revenue reserve	Total share- holders' equity
Company				
Q2 FY2004				
Balance as at 30.9.2003	116,851	22,162	78,999	218,012
Profit for the financial period	0	0	(1,298)	(1,298)
Dividend paid in respect of previous financial year	<u>0</u>	<u>0</u>	<u>(24,831)</u>	<u>(24,831)</u>
Balance as at 31.12.2003	<u><u>116,851</u></u>	<u><u>22,162</u></u>	<u><u>52,870</u></u>	<u><u>191,883</u></u>
Q2 FY2003				
Balance as at 30.9.2002	116,780	22,030	95,548	234,358
Share issue pursuant to the exercise of share options	40	77	0	117
Profit for the financial period	0	0	(1,162)	(1,162)
Dividend paid in respect of previous financial year	<u>0</u>	<u>0</u>	<u>(26,285)</u>	<u>(26,285)</u>
Balance as at 31.12.2002	<u><u>116,820</u></u>	<u><u>22,107</u></u>	<u><u>68,101</u></u>	<u><u>207,028</u></u>
1H FY2004				
Balance as at 30.6.2003	116,851	22,162	79,961	218,974
Profit for the financial period	0	0	(2,260)	(2,260)
Dividend paid in respect of previous financial year	<u>0</u>	<u>0</u>	<u>(24,831)</u>	<u>(24,831)</u>
Balance as at 31.12.2003	<u><u>116,851</u></u>	<u><u>22,162</u></u>	<u><u>52,870</u></u>	<u><u>191,883</u></u>
1H FY2003				
Balance as at 30.6.2002	116,780	22,026	80,605	219,411
Share issue pursuant to the exercise of share options	40	77	0	117
Refund of share issue expenses	0	4	0	4
Profit for the financial period	0	0	13,781	13,781
Dividend paid in respect of previous financial year	<u>0</u>	<u>0</u>	<u>(26,285)</u>	<u>(26,285)</u>
Balance as at 31.12.2002	<u><u>116,820</u></u>	<u><u>22,107</u></u>	<u><u>68,101</u></u>	<u><u>207,028</u></u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

No shares were issued in Q2 FY2004 and the issued and paid-up capital of the Company at the end of Q2 FY2004 was S\$116,850,718, represented by 146,063,397 ordinary shares of S\$0.80 each.

There were no share options granted to employees under the Elec & Eltek Employees' Share Option Scheme in Q2 FY2004.

Details of the movement of share options previously granted by the Company to eligible employees in Q2 FY2004 and the number of share options at the end of Q2 FY2003 are as follows:

Date of grant	Subscription price per share (US\$)	Outstanding balance as at 1.10.2003	Lapsed	Outstanding balance as at 31.12.2003	Outstanding balance as at 31.12.2002	Expiry date
9 April 1998	4.833	0	0	0	722,400	8 April 2003
19 April 1999	3.100	828,000	(28,800)	799,200	844,800	18 April 2004
25 May 2000	1.308	400	0	400	38,800	24 May 2005
7 May 2003	1.450	<u>1,400,000</u>	<u>0</u>	<u>1,400,000</u>	<u>0</u>	6 May 2007
Total		<u><u>2,228,400</u></u>	<u><u>(28,800)</u></u>	<u><u>2,199,600</u></u>	<u><u>1,606,000</u></u>	

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures for Q2 FY2004 and 1H FY2004 have neither been audited nor reviewed in accordance with relevant auditing standards.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). In the previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard (SAS). The transition from SAS to FRS did not result in any significant change in accounting policies.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

Diluted earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue, adjusted for the effect of dilutive options during the financial period.

The following reflects the income and share data used in the basic and diluted earnings per share computations of the Group after deducting any provision for preference dividends:

	Q2 FY2004	Q2 FY2003	1H FY2004	1H FY2003
Earnings attributable to shareholders (S\$'000)	18,680	12,808	28,430	17,018
<i>Number of ordinary shares (in thousands)</i>				
Number of ordinary shares in issue at the beginning of financial period	146,063	145,975	146,063	145,975
Weighted average number of ordinary shares issued pursuant to the exercise of share options	<u>0</u>	<u>34</u>	<u>0</u>	<u>17</u>
Weighted average number of ordinary shares applicable to basic earnings per share	146,063	146,009	146,063	145,992
Effect of dilutive share options	<u>640</u>	<u>20</u>	<u>558</u>	<u>26</u>
Weighted average number of ordinary shares applicable to diluted earnings per share	<u><u>146,703</u></u>	<u><u>146,029</u></u>	<u><u>146,621</u></u>	<u><u>146,018</u></u>
Earnings per share (Singapore cents)				
— basic	12.79	8.77	19.46	11.66
— diluted	<u><u>12.73</u></u>	<u><u>8.77</u></u>	<u><u>19.39</u></u>	<u><u>11.65</u></u>

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group S\$	Company S\$
Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:		
(a) current financial period reported on	2.62	1.31
(b) immediately preceding financial year	<u><u>2.67</u></u>	<u><u>1.50</u></u>

There were 146,063,397 ordinary shares in issue at the end of Q2 FY2004.

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

With US and Europe economy in steady pace of recovery, we saw strong PCB bookings in computer and computer peripheral product sectors starting from late August 2003, and mobile handsets and communication related products in October 2003.

This increase in world demand together with the continuous supply chain outsourcing into China have provided the Group with more opportunities to expand market share in the region.

As at December 31, 2003, backlogs further built up as the Book-to-Bill ratio in both Q1 FY2004 and Q2 FY2004 stood at above 1.0.

As a result, the Group's revenue in Q2 FY2004 stood at S\$153.2 million, up 20.7% sequentially and up 27.9% year-on-year. The Group's revenue in 1H FY2004 was S\$280.2 million, also up 25.6% sequentially and 35.6% year-on-year.

Layer count mix improved as a result of gaining market share in Centrino notebook and communication products applications. The Group's shipment percentage for 10-layer in 1H FY2004 were 6.9% higher than 1H FY2003 while shipment percentage for 2-, 4- and 6-layered PCBs were 5.4% lower for the corresponding period of last financial year.

Due to more balanced PCB supply and demand in the region, critical PCB raw material prices, such as fiber glass, copper foil and copper clad laminates have gone up by more than 10% since the last financial year end.

For the same supply and demand reasons, PCB selling prices also started moving upwards in October and November 2003. As a result of this and together with better layer count mix, the average selling prices in both Q2 FY2004 and 1H FY2004 have been moving up over Q1 FY2004 and 2H FY2003 by 10.0% and 0.3% respectively after continuously falling in the last two and a half years. However average selling prices for 1H FY2004 were still lower than 1H FY2003 by around 6.9%.

Taking the above factors into account, the Group's profit before taxation in Q2 FY2004 and 1H FY2004 were 43.2% and 58.5% above those in Q2 FY2003 and 1H FY2003 respectively.

As at the period end, the Group's available production capacity stood at around 35 million square feet per annum. Of this amount, around 3 million square feet capacity was acquired in Q2 FY2004 but will require another one to two months to ramp up in full. A new plant is under construction in Kaiping.

In the opinion of the Directors, no item, transaction or event of material or unusual nature has occurred during the period from January 1, 2004 to the date of this report that would materially affect the results of the Company and/or the Group in the financial period in which this announcement is made.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results of the current financial period was better than the previous quarter and was in line with the prospect statement made by the Company in its first quarterly results announcement on 12 November 2003.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Industry analysts have shown more confidence that the global PCB market has bottomed out and restarted its upward trend. They also affirmed that the growth of the PCB market in the region will surpass that of the rest of the world due to the following reasons:

- i. the continuous trend in outsourcing the manufacturing of electronic products into China fuels local China PCB demand, particularly in the high volume and medium technology PCB sector; and
- ii. the continuous global supply chain migration into China adds export business opportunities for low to medium volume and high technology PCB products.

Seasonal impacts after December should be minimal with slight adjustments in computer and computer peripherals products and PCB demand in communication and consumer products remaining strong. Book-to-Bill ratio in January 2004 maintained at slightly below 1.0.

With growing businesses in existing and new communication customers, the Group expects greater demand for application in communication products in the 2nd half of FY2004, which would bring about an even better layer count mix.

With more balanced PCB supply and demand in the region, we expect critical raw material prices, such as fiber glass, copper foils and copper clad laminates to trend further upwards and as a result, PCB selling prices should be able to hold well and even move slightly upwards in the coming quarters. This, together with the layer count mix improvement, the Group's average selling prices are expected to improve further in the coming quarter.

The Group's expansion plan is on track with the Guangzhou East plant already available and the construction of the new Kaiping plant underway. We expect to reach 38 million square feet capacity per annum by June 2004.

With these new plants available, the Group will have the flexibility to further expand the Group's capacity by another 5 million square feet in around 12 to 18 months' time. The Group will cautiously evaluate the business opportunities available from both existing customers and newly developed customers and will launch another expansion plan when the right market opportunities warrant.

Barring unforeseen circumstances, the Directors expect the Group should continue to show good results in the third quarter although January shipments have been marginally affected by the Chinese New Year holidays.

11. Dividend.

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	12 Singapore cents per ordinary share (one-tier tax exempt)
Dividend Rate (in %)	15%
Par value of shares	S\$0.80
Tax Rate	n.a.

The Directors now declare a one-tier tax exempt interim dividend of 12 Singapore cents per share, totalling S\$17.5 million to be paid in respect of the current financial year under review.

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	11 Singapore cents per ordinary share (S13E tax exempt)
Dividend Rate (in %)	13.75%
Par value of shares	S\$0.80
Tax Rate	n.a.

(c) *Date payable*

The proposed one-tier tax exempt interim dividend is payable on 12 March 2004 to members registered in the books of the Company at the close of business on 2 March 2004.

(d) *Books closure date*

NOTICE IS HEREBY GIVEN that the Transfer books and the Register of Members will be closed on 3 March 2004 for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, Lim Associates (Pte) Ltd, of 10 Collyer Quay #19-08 Ocean Building, Singapore 049315, up to the close of business at 5:00 p.m. on 2 March 2004 will be registered to determine shareholders' entitlement to the above dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares as at 5:00 p.m. on 2 March 2004 will be entitled to the one-tier tax exempt interim dividend.

In respect of ordinary shares in the securities account with CDP, the one-tier tax exempt interim dividend will be paid by the Company to CDP which will distribute the dividend to the depositors of the securities accounts.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II — ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year	Previous Full Year
Ordinary	0	0
Preference	<u>0</u>	<u>0</u>
Total:	<u><u>0</u></u>	<u><u>0</u></u>

17. Interested Persons Transactions.

There are no interested person transactions to be disclosed pursuant to Rule 920(1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited.”

By Order of the Board
Thomas Tang Koon Yiu
Chairman

Hong Kong, 12 February 2004

Please also refer to the published version of this announcement in the (South China Morning Post)