

REPORT OF THE DIRECTORS 董事會報告書

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consisted of investment holding and the manufacture and trading of printed circuit boards. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2004 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 43 to 84.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2004.

SUMMARY FINANCIAL INFORMATION

The results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of the Group, are set out below.

董事會提呈本公司及本集團截至二零零四年三月三十一日止年度之董事會報告書及經審核財務報告。

主要業務

本公司之主要業務為投資控股，而附屬公司之主要業務包括投資控股與製造及銷售綫路板。本年度內，本集團之主要業務並無變更。

業績及股息

本集團截至二零零四年三月三十一日止年度之虧損與本公司及本集團於該日之財務狀況載於第43至84頁之財務報告。

董事會建議不宣派截至二零零四年三月三十一日止年度之任何股息。

財務資料概要

本集團於過往五個財政年度之業績與資產及負債載列如下，此等資料乃摘錄自本集團之經審核財務報告。

For the year ended 31 March 截至三月三十一日止年度

		2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2001 二零零一年 HK\$'000 港幣千元	2000 二零零零年 HK\$'000 港幣千元
RESULTS	業績					
Turnover	營業額	241,666	237,840	181,511	170,729	226,309
Profit/(loss) before tax	除稅前溢利／（虧損）	(5,452)	3,315	(25,505)	(12,765)	24,715
Tax	稅項	—	—	—	2,796	(464)
Net profit/(loss) attributable to shareholders	股東應佔純利／（虧損淨額）	(5,452)	3,315	(25,505)	(9,969)	24,251

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董事會報告書

SUMMARY FINANCIAL INFORMATION (Continued)

財務資料概要 (續)

		At 31 March 於三月三十一日				
		2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2001 二零零一年 HK\$'000 港幣千元	2000 二零零零年 HK\$'000 港幣千元
ASSETS AND LIABILITIES 資產及負債						
Non-current assets 非流動資產		139,053	153,620	183,734	115,959	86,112
Current assets 流動資產		88,615	109,276	78,440	113,612	159,930
Total assets 總資產		227,668	262,896	262,174	229,571	246,042
Current liabilities 流動負債		80,082	114,480	96,832	58,034	64,914
Non-current liabilities 非流動負債		8,945	4,184	23,923	8,023	2,985
Total liabilities 總負債		89,027	118,664	120,755	66,057	67,899
		138,641	144,232	141,419	163,514	178,143

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 12 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

There were no movements in either the Company's authorised or issued share capital during the year.

Details of the Company's share capital and movements in share options during the year, together with the reasons therefor, are set out in notes 21 and 22 to the financial statements, respectively.

固定資產

本集團固定資產之變動詳情，載於財務報告附註12。

股本及股份期權

本公司法定及已發行股本於本年内並無變動。

本公司股本之詳情及股份期權在本年度內之變動及其原因，分別載於財務報告附註21及22。

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PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 23(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2004, the Company's reserves available for cash distribution and distribution in specie were HK\$13,297,000 (2003: HK\$14,152,000). In addition, the Company's share premium account in the amount of HK\$90,038,000 (2003: HK\$90,038,000) may be distributed in the form of fully paid bonus shares.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of the Group's purchases and sales attributable to major suppliers and customers are as follows:

a. Percentage of purchases attributable to the:	
– largest supplier	16%
– five largest suppliers	50%
b. Percentage of sales attributable to the:	
– largest customer	28%
– five largest customers	66%

Save as disclosed under the heading "Connected transactions" below in this report, none of the directors of the Company, or any of their associates, or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers and customers.

優先購買權

本公司之公司細則或百慕達法例並無任何優先購買權之規定。優先購買權是指本公司在發售新股時必須按現有股東之持股比例向彼等配售新股。

儲備

本年度內本公司及本集團之儲備變動詳情，分別載於財務報告附註23(b)及綜合權益變動表。

可分派儲備

於二零零四年三月三十一日，本公司可作現金及實物分派之儲備為港幣13,297,000元（二零零三年：港幣14,152,000元）。此外，本公司之股份溢價賬數額港幣90,038,000元（二零零三年：港幣90,038,000元）可以繳足紅股方式分派。

主要供應商及客戶

主要供應商及客戶佔本集團採購額及銷售額之百分比如下：

a. 佔採購額之百分比：	
– 最大供應商	16%
– 五大供應商	50%
b. 佔銷售額之百分比：	
– 最大客戶	28%
– 五大客戶	66%

除在本報告書標題為「關連交易」當中披露之情況外，各董事、彼等之聯繫人士及據董事會所知擁有本公司股本5%以上之股東，概無擁有五大供應商及客戶之任何實質權益。

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DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Executive directors:

Chan Sik Ming, Harry
Lo Sun Wah
Motofumi Tsumura
Hiroto Sasaki
Hiroyuki Kikuchi (appointed on 10 November 2003)
Au-Yeung Wai Hung (appointed on 10 November 2003)
Lau Wing Hung (resigned on 10 November 2003)
Teruo Amada (resigned on 10 November 2003)

Independent non-executive directors:

Taro Akashi
Kohu Kashiwagi

In accordance with Bye-law 99(A) of the Company's Bye-laws, Chan Sik Ming, Harry and Lo Sun Wah will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Bye-law 102 of the Company's Bye-laws, Hiroyuki Kikuchi and Au-Yeung Wai Hung will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set out on pages 30 to 31 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory obligation.

董事

本年度內及截至本報告書刊發日期止本公司之董事如下：

執行董事

陳錫明
勞新華
津村元史
佐佐木弘人
菊地弘之 (於二零零三年十一月十日委任)
歐陽偉洪 (於二零零三年十一月十日委任)
劉學宏 (於二零零三年十一月十日辭任)
天田晃雄 (於二零零三年十一月十日辭任)

獨立非執行董事

明石太郎
柏木紘宇

根據本公司之公司細則第99(A)條，陳錫明及勞新華輪值告退，惟彼等願於應屆股東週年大會上膺選連任。

根據本公司之公司細則第102條，菊地弘之及歐陽偉洪告退，惟彼等願於應屆股東週年大會上膺選連任。

董事簡歷

本公司董事之履歷詳情載於本年報第30至31頁。

董事之服務合約

擬於應屆股東週年大會上膺選連任之各董事並無與本公司訂立不可於一年內終止而無須作出賠償（惟法定賠償除外）之服務合約。

REPORT OF THE DIRECTORS 董事會報告書

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

董事於合約中之權益

本年度內，各董事概無於本公司或其任何附屬公司所訂立之任何重大合約中，直接或間接擁有重大實質權益。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2004, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

董事於股份及相關股份之權益或淡倉

於二零零四年三月三十一日，董事於本公司或其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份中擁有須記錄於證券及期貨條例第352條規定置存之記錄冊內之權益或淡倉，或須根據上市公司董事進行證券交易的標準守則知會本公司及香港聯合交易所有限公司（「聯交所」）之權益或淡倉如下：

Long position in ordinary shares of the Company:

於本公司普通股份之好倉：

Name of director	董事姓名	Number of shares held		Total	Percentage of the Company's issued share capital
		Directly beneficially owned	Beneficiary of a trust		
		實益直接擁有	信託受益	合計	本公司已發行股本之百分比
Chan Sik Ming, Harry	陳錫明	34,480,000	53,933,417 (Note) (附註)	88,413,417	18.97

Note: Chan Sik Ming, Harry and his family are the objects of a discretionary trust which has appointed Earnwell Limited as its trustee. At the balance sheet date, Earnwell Limited held 53,933,417 shares representing approximately 11.57% of the issued share capital of the Company.

附註：陳錫明及其家屬為一全權信託基金之受益人，而該基金委任Earnwell Limited為其信託人。於結算日，Earnwell Limited持有股份53,933,417股，約佔本公司已發行股本的11.57%。

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

除上文披露者外，董事於本公司或其任何相聯法團之股份、相關股份中概無擁有須記錄於證券及期貨條例第352條規定置存之記錄冊內之權益或淡倉，或須根據上市公司董事進行證券交易的標準守則知會本公司及聯交所之權益或淡倉。

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SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2004, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	姓名	Capacity and nature of interest 身份及權益之性質	Number of ordinary shares held 所持股份數目	Percentage of the Company's issued share capital 本公司已發行股本之百分比
Earnwell Limited	Earnwell Limited	Trustee 信託人	53,933,417	11.57
Daisho Denshi Co., Ltd.	大昌電子株式會社	Directly beneficially owned 實益直接擁有人	50,000,000	10.73
Easy Gain Limited	Easy Gain Limited	Trustee 信託人	47,984,416	10.30
Lau Wing Hung	劉學宏	Directly beneficially owned 實益直接擁有人	68,078,000	14.61

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 22 "Share option schemes" to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

主要股東及其他人士之股份及相關股份之權益

於二零零四年三月三十一日，依據證券及期貨條例第336條本公司須保存之權益登記冊所載，持有本公司股本5%或以上權益之股東如下：

好倉：

除上文披露者外，除本公司董事之權益載於上述「董事於股份及相關股份之權益或淡倉」外，概無其他人之股份須記錄於證券及期貨條例第336條規定置存之記錄冊內之權益或淡倉。

董事購買股份或債券之權利

除於財務報告附註22「股份期權計劃」披露者外，本年度內任何時間，本公司或其任何附屬公司概無授予權利或參與任何安排，使本公司之董事、彼等之配偶或未成年子女可透過購買本公司或任何其他法人團體之股份或債券而獲益，或有關人士並無行使任何此等權利。

REPORT OF THE DIRECTORS 董事會報告書

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

CONNECTED TRANSACTIONS

During the year, the Group had transactions with Daisho Denshi Co., Ltd., a substantial shareholder of the Company, and its subsidiaries (collectively the "Daisho Denshi Group") for the sale of printed circuit boards amounting to approximately HK\$36 million.

Pursuant to the Company's special general meeting on 18 December 2001, an ordinary resolution was passed to approve the sales transactions with the Daisho Denshi Group. On 24 December 2001, the Stock Exchange granted a waiver to the Company from strict compliance with the requirements of Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in respect of sales transactions with the Daisho Denshi Group for a period of three financial years ending 31 March 2004.

The independent non-executive directors of the Company have reviewed the sales transactions with the Daisho Denshi Group and confirmed that:

- (i) the transactions were conducted in the ordinary and usual course of the Group's business;
- (ii) the transactions were conducted on normal commercial terms and on terms that were fair and reasonable so far as the shareholders of the Company are concerned; and
- (iii) the aggregate value of the sales transactions with the Daisho Denshi Group did not exceed 40% of the total turnover of the Group for the year ended 31 March 2004.

However, the independent non-executive directors of the Company were unable to confirm the sales transactions with the Daisho Denshi Group were on pricing no less favourable than pricing available to independent third parties as each of the models of printed circuit boards produced was unique and tailor-made to the customers' specific requirements and specifications.

購回、出售或贖回本公司上市證券

本年度內，本公司或其任何附屬公司概無購回、出售或贖回本公司之上市證券。

關連交易

本年度內，本集團銷售綫路板予本公司之一位主要股東 — 大昌電子株式會社及其附屬公司（統稱「大昌電子集團」）之金額約為港幣三仟六佰萬元。

本公司於二零零一年十二月十八日在股東特別大會上，以普通決議案通過批准銷售綫路板予大昌電子集團之交易。關於銷售綫路板予大昌電子集團之交易，本公司已獲香港聯合交易所有限公司（聯交所）豁免嚴格遵守上市規則第14章之規定，為期三年截至二零零四年三月三十一日止。

本公司獨立非執行董事已審閱銷售綫路板予大昌電子集團之交易，並確認：

- (i) 有關銷售交易乃按照本集團日常業務過程中進行；
- (ii) 有關銷售交易乃按照一般商業條款及按照對股東而言乃屬公平及合理之條款進行；
- (iii) 有關銷售交易總金額不超過本集團截至二零零四年三月三十一日止年度之總營業額百分之四十。

然而由於每一款綫路板皆獨一無二及根據客戶個別之要求及規格而生產，本公司獨立非執行董事未能確認銷售綫路板予大昌電子集團之訂價是否按照並不遜於給予獨立第三者之訂價進行。

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DIRECTOR'S INTEREST IN A COMPETING BUSINESS

During the year and up to the date of this report, the following director is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, as set out below:

- Mr. Hiroto Sasaki is also a director of Daisho Denshi Co., Ltd., which is also involved in the manufacture and trading of printed circuit boards.

As the board of directors of the Company is independent from the board of directors of Daisho Denshi Co., Ltd. and the above director does not control the board of the Company, the Group is capable of carrying on its business independently of, and at arm's length from, the business of Daisho Denshi Co., Ltd.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules, throughout the financial year, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the two independent non-executive directors of the Company.

董事於競爭業務之權益

本年度內及截至本報告書刊發日期止，下列董事被認為於下述根據上市規則之定義存在與本集團業務上有直接或間接競爭或可能競爭業務之權益。

- 佐佐木弘人先生是從事製造及銷售綫路板業務的大昌電子株式會社之董事。

由於本公司的董事局獨立於大昌電子株式會社的董事局，而上述董事並無控制本公司董事局，故本集團能獨立於大昌電子株式會社的業務正常地經營其業務。

最佳應用守則

本公司獨立非執行董事之委任並非按上市規則附錄十四所載之最佳應用守則第7段必須有指定年期之規定，而是按本公司之公司細則於本公司之股東週年大會上輪值告退及重選連任。除此以外，董事會認為本公司在本財政年度內一直遵守最佳應用守則。

審核委員會

本公司之審核委員會乃根據最佳應用守則規定而成立，其主要目的為檢討及監督本集團之財務報告過程及內部監控，審核委員會由本公司兩位獨立非執行董事組成。

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AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chan Sik Ming, Harry

Chairman

Hong Kong
20 July 2004

核數師

安永會計師事務所任滿告退，續聘該公司為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

陳錫明

主席

香港
二零零四年七月二十日