



DAISHO MICROLINE HOLDINGS LIMITED

大昌微綫集團有限公司*

(Formerly known as “Suwa International Holdings Limited”)

(前稱「秀華國際集團有限公司」*)

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號 : 567)

INTERIM REPORT

中 期 報 告

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2004

截至二零零四年九月三十日止六個月期間

UNAUDITED INTERIM REPORT

未經審核中期報告

The Board of Directors (“the Board”) of Daisho Microline Holdings Limited (“the Company”) presents the unaudited interim report of the Company and its subsidiaries (“the Group”) for the 6 months ended 30 September 2004 as follows:

大昌微綫集團有限公司（「本公司」）董事會（「董事會」）提呈本公司及其附屬公司（「本集團」）截至二零零四年九月三十日止六個月期間之未經審核中期報告如下：

CONSOLIDATED PROFIT AND LOSS ACCOUNT
綜合損益表

		(Unaudited) (未經審核)	
		6 months ended 30 September 截至九月三十日止之六個月	
		2004 二零零四年	2003 二零零三年
		HK\$'000 港幣千元	HK\$'000 港幣千元
	Notes 附註		
TURNOVER	營業額	2	121,701
Cost of inventories sold	銷售成本		124,391
			<u>(109,972)</u>
Gross profit	毛利		11,729
Other revenue and gains	其他收入		648
Selling and distribution costs	銷售及分銷成本		(7,894)
Administrative expenses	行政開支		(10,801)
Other operating expenses	其他營運開支		(715)
			<u>(1,909)</u>
LOSS FROM OPERATING ACTIVITIES	經營虧損		(7,033)
Finance costs	融資成本	3	(646)
			<u>(987)</u>
LOSS BEFORE TAX	除稅前虧損	3	(7,679)
Tax	稅項	4	—
			<u>—</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東從日常業務中應佔虧損		(7,679)
			<u><u>(2,408)</u></u>
INTERIM DIVIDEND	中期股息	5	—
			<u>—</u>
LOSS PER SHARE	每股虧損	6	
– Basic	— 基本		<u><u>(HK1.65) cent港仙</u></u>
– Diluted	— 攤薄後		<u><u>N/A不適用</u></u>
			<u><u>(HK0.52) cent港仙</u></u>
			<u><u>N/A不適用</u></u>

CONSOLIDATED BALANCE SHEET
綜合資產負債表

			(Unaudited) (未經審核)	(Audited) (已審核)
			30 September 2004 二零零四年 九月三十日	31 March 2004 二零零四年 三月三十一日
		Notes 附註	HK\$'000 港幣千元	HK\$'000 港幣千元
NON-CURRENT ASSETS	非流動資產			
Fixed assets	固定資產	7	129,160	139,053
CURRENT ASSETS	流動資產			
Inventories	存貨		46,661	40,581
Trade debtors	應收貿易賬款	8	43,842	34,626
Sundry debtors, prepayments & deposits	其他應收賬款、 預付款項及按金		8,323	6,032
Cash and bank balances	現金及銀行結存		10,023	7,376
			<u>108,849</u>	<u>88,615</u>
CURRENT LIABILITIES	流動負債			
Trust receipt loans	入口單據貸款		25,322	16,202
Trade creditors	應付貿易賬款	9	57,476	43,537
Other creditors and accruals	其他應付賬款及費用		8,757	10,809
Finance leases and hire purchase contract payables	應付融資租約及 租購合同		1,309	4,181
Bank loan	銀行貸款		3,336	3,336
Other loans, secured	其他有抵押貸款		2,065	2,017
			<u>98,265</u>	<u>80,082</u>
NET CURRENT ASSETS	流動資產淨值		<u>10,584</u>	<u>8,533</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		<u>139,744</u>	<u>147,586</u>
NON-CURRENT LIABILITIES	非流動負債			
Finance leases and hire purchase contract payables	應付融資租約及 租購合同		2,400	—
Bank loan	銀行貸款		3,884	5,552
Other loan, secured	其他有抵押貸款		2,348	3,393
			<u>8,632</u>	<u>8,945</u>
			<u>131,112</u>	<u>138,641</u>
CAPITAL AND RESERVES	股本及儲備			
Issued capital	已發行股本		46,601	46,601
Reserves	儲備		84,511	92,040
			<u>131,112</u>	<u>138,641</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
綜合權益變動表

(Unaudited)

(未經審核)

6 months ended 30 September 2004
截至二零零四年九月三十日止之六個月

		Issued share capital 已發行股本 HK\$'000 港幣千元	Share premium account 股份溢價賬 HK\$'000 港幣千元	Contributed surplus 繳入盈餘 HK\$'000 港幣千元	Exchange equalisation reserve 匯兌平衡 儲備 HK\$'000 港幣千元	Retained profits 保留溢利 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 31 March 2004 and 1 April 2004	於二零零四年三月三十一日 及二零零四年四月一日	46,601	90,038*	9,379*	(17,916)*	10,539*	138,641
Exchange realignment and net gains not recognized in the profit and loss account	匯兌調整及並未於 損益表內確認之 淨收益	—	—	—	150	—	150
Net loss for the period	本期間虧損	—	—	—	—	(7,679)	(7,679)
At 30 September 2004	於二零零四年九月三十日	46,601	90,038*	9,379*	(17,766)*	2,860*	131,112

(Unaudited)

(未經審核)

6 months ended 30 September 2003
截至二零零三年九月三十日止之六個月

		Issued share capital 已發行股本 HK\$'000 港幣千元	Share premium account 股份溢價賬 HK\$'000 港幣千元	Contributed surplus 繳入盈餘 HK\$'000 港幣千元	Exchange equalisation reserve 匯兌平衡 儲備 HK\$'000 港幣千元	Retained profits 保留溢利 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 31 March 2003 and 1 April 2003	於二零零三年三月三十一日 及二零零三年四月一日	46,601	90,038	9,379	(17,777)	15,991	144,232
Exchange realignment and net losses not recognized in the profit and loss account	匯兌調整及並未於 損益表內確認之 淨虧損	—	—	—	(1,189)	—	(1,189)
Net loss for the period	本期間虧損	—	—	—	—	(2,408)	(2,408)
At 30 September 2003	於二零零三年九月三十日	46,601	90,038	9,379	(18,966)	13,583	140,635

* These reserve accounts comprise the consolidated reserves of HK\$84,511,000 (31 March 2004: HK\$92,040,000) in the consolidated balance sheet.

* 在綜合資產負債表之綜合儲備港幣84,511,000元（二零零四年三月三十一日：港幣92,040,000元）由此等儲備賬戶組成。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
簡明綜合現金流量表

(Unaudited)
(未經審核)
6 months ended 30 September
截至九月三十日止之六個月
2004 2003
二零零四年 二零零三年
HK\$'000 **HK\$'000**
港幣千元 **港幣千元**

CASH FLOWS FROM OPERATING ACTIVITIES	經營活動之現金流量		
Loss before tax	除稅前虧損	(7,679)	(2,408)
Net adjustments for non-cashflow items	調整非現金流量項目淨額	<u>17,149</u>	<u>18,338</u>
Operating profit before working capital changes	未計流動資金變動前經營溢利	9,470	15,930
Net (increase)/decrease in working capital	流動資金之(增加)/減少淨額	<u>(4,646)</u>	<u>3,866</u>
Cash generated from operations	經營產生之現金	4,824	19,796
Net interest payment	利息支付淨額	<u>(621)</u>	<u>(1,058)</u>
Net cash inflow from operating activities	經營活動之現金流入淨額	4,203	18,738
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動之現金流量		
Net cash outflow from investing activities	投資活動之現金流出淨額	(2,595)	(12,370)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量		
Net cash inflow/(outflow) from financing activities	融資活動之現金流入/(流出)淨額	1,000	(10,156)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值項目之增加/(減少)淨額	2,608	(3,788)
Cash and cash equivalents at beginning of the period	於期初之現金及現金等值項目	7,376	10,723
Effect of foreign exchange rate changes, net	匯兌率變動之影響，淨值	<u>39</u>	<u>(300)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	於期終之現金及現金等值項目	<u>10,023</u>	<u>6,635</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目結存之分析		
Cash and bank balances	現金及銀行結存	<u>10,023</u>	<u>6,635</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報告附註

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice (“SSAPs”) and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention. This interim report is prepared in compliance with the SSAP 25 “Interim financial reporting”.

The same accounting policies and method of computation are followed in this interim report as compared with the most recent annual audited financial statements.

2. SEGMENT INFORMATION

(a) Business segment

The Group has only one business segment, which is the manufacture and trading of printed circuit boards. Therefore, no business segment analysis is presented.

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

1. 編製基準及會計政策

本綜合財務報告乃按照香港會計實務準則（「會計實務準則」）、香港公認會計原則及歷史成本慣例而編製。本中期報告乃遵循會計實務準則第25號「中期財務報告」而編製。

本中期報告採納之會計政策及計算方法乃跟從最近一年經審核之財務報告。

2. 分類資料

(a) 業務分類

本集團只從事製造及銷售綫路板之業務。因此並無呈列業務分類之分析。

(b) 地區分類

在呈列按地區劃分之資料時，收入分類乃按客戶所處地區為基準。

(Unaudited)	
(未經審核)	
6 months ended 30 September	
截至九月三十日止之六個月	
2004	2003
二零零四年	二零零三年
HK\$'000	HK\$'000
港幣千元	港幣千元
36,076	31,379
26,047	25,649
21,014	26,025
15,135	17,798
23,429	23,540
121,701	124,391

Segment revenue:

Sales to external customers

Finland
Mainland China
Hong Kong
Japan
Others

收入分類：

銷售予對外客戶

芬蘭
中國大陸
香港
日本
其他

3. LOSS BEFORE TAX

Loss before tax is arrived at after crediting and (charging):

		(Unaudited) (未經審核)	
		6 months ended 30 September 截至九月三十日止之六個月	
		2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
Interest on:	利息於：		
Bank loans and other loans wholly repayable within five years	須於五年內全數償還之銀行貸款及其他貸款	(602)	(575)
Finance leases and hire purchase contracts	融資租約及租購合同	(44)	(412)
Finance costs	融資成本	(646)	(987)
Depreciation	折舊	(16,494)	(17,360)
Bank interest income	銀行利息收入	10	9

4. TAX

No provision for profits tax has been made for the current period as the Company's subsidiaries either had no assessable profits for the current period or had utilized tax losses brought forward from prior years to offset the assessable profits arising during the current period (2003: Nil).

As at 30 September 2004, there was no significant deferred tax liability (2003: Nil). Deferred tax assets have not been recognised in respect of tax losses arising in Hong Kong and Mainland China as they have arisen in subsidiaries that have been loss-making for some time (2003: Nil).

5. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the year ending 31 March 2005 to the shareholders (2004: Nil).

6. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$7,679,000 (2003: HK\$2,408,000) and 466,013,785 (2003: 466,013,785) shares in issue during the period.

A diluted loss per share for both periods ended 30 September 2004 and 30 September 2003 has not been disclosed as the share options outstanding during both periods had an anti-dilutive effect on the basic loss per share for both periods.

3. 除稅前虧損

除稅前虧損已計入及（扣除）：

		(Unaudited) (未經審核)	
		6 months ended 30 September 截至九月三十日止之六個月	
		2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
利息於：			
須於五年內全數償還之銀行貸款及其他貸款		(602)	(575)
融資租約及租購合同		(44)	(412)
融資成本		(646)	(987)
折舊		(16,494)	(17,360)
銀行利息收入		10	9

4. 稅項

由於本期間本集團各公司並無應課稅溢利或本期間產生之應課稅溢利已被往年度承前之稅損所抵消，故此本期間並無就利得稅項撥備（二零零三年：無）。

於二零零四年九月三十日，本集團並無重大之遞延稅項負債（二零零三年：無）。由於附屬公司於香港及中國大陸產生之累計虧損已產生一段時間，故此並無就該等虧損確認遞延稅項資產（二零零三年：無）。

5. 中期股息

董事會決議不宣派截至二零零五年三月三十一日止年度之任何中期股息（二零零四年：無）。

6. 每股虧損

基本每股虧損乃根據本期間股東從日常業務中應佔虧損港幣7,679,000元（二零零三年：港幣2,408,000元）及本期間內已發行股份466,013,785股（二零零三年：466,013,785股）計算。

由於截至二零零四年九月三十日止期間及二零零三年九月三十日止期間內尚未行使之股份期權對兩段期間之基本每股虧損有反攤薄效應，故此並無披露兩段期間攤薄後之每股虧損。

7. FIXED ASSETS

Purchase of plant and equipment

購買機器及設備

(Unaudited) (未經審核)	
6 months ended 30 September 截至九月三十日止之六個月	
2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
6,535	9,926

8. TRADE DEBTORS

The Group has a policy which allows an average credit period of 60 days to its customers. An aged analysis of the trade debtors as at the period end, based on the payment due date and net of provisions, is as follows:

Within 1 month
1 to 2 months
2 to 3 months
Over 3 months

未到期或逾期一個月內
逾期一至二個月內
逾期二至三個月內
逾期三個月以上

(Unaudited) (未經審核)	(Audited) (已審核)
30 September 2004 二零零四年 九月三十日 HK\$'000 港幣千元	31 March 2004 二零零四年 三月三十一日 HK\$'000 港幣千元
41,560	33,722
364	467
786	102
1,132	335
43,842	34,626

9. TRADE CREDITORS

An aged analysis of the trade creditors as at the period end, based on the payment due date, is as follows:

Within 1 month
1 to 2 months
2 to 3 months
Over 3 months

未到期或逾期一個月內
逾期一至二個月內
逾期二至三個月內
逾期三個月以上

(Unaudited) (未經審核)	(Audited) (已審核)
30 September 2004 二零零四年 九月三十日 HK\$'000 港幣千元	31 March 2004 二零零四年 三月三十一日 HK\$'000 港幣千元
43,268	34,629
6,731	6,551
4,694	1,437
2,783	920
57,476	43,537

7. 固定資產

8. 應收貿易賬款

本集團之信貸政策通常給予客戶平均60天之賒賬期。於本期間末，按到期付款日計算減除撥備之應收貿易賬款之賬齡分析如下：

9. 應付貿易賬款

於本期間末，按到期付款日計算之應付貿易賬款之賬齡分析如下：

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Due to the problem of excessive inventory surrounding the telecommunication products industry, the demand for printed circuit boards (“PCB”) from the Group’s telecommunication products customers was weak particularly during the first quarter of the current period. The total PCB production area during the current period fell short of that in last corresponding period by about 4%. Although the Group has valid reason to increase the selling price during the current period, it can do so only on a gradual basis under this circumstance.

The Group manufactured more delicate PCB with higher selling price during the current period thanks to the existing advance production equipment. The sales value of multi-layer PCB accounted for about 74% of the total turnover during the current period while its counterpart during the last corresponding period was about 59% only. Despite this change in sales mix and the gradual increase in selling price mentioned above, the total turnover during the current period was about 2% lower than that of the last corresponding period.

Resulting from the frequent jump in the purchase prices of certain major raw material items for the manufacture of PCB, the Group’s gross profit percentage significantly decreased by 4.5% to 9.6% during the current period. For example, because of the worldwide huge demand for non-ferrous metals such as copper, the average purchase price of copper foil during the current period increased by about 27% as compared to its counterpart in last corresponding period. And because of the worldwide shortage in the supply of fibre-glass, the purchase prices of certain laminate and prepreg at the end of the current period were almost 40% and 27% respectively higher than their counterparts at the beginning of the current period. Given the frequency and the extent of the increment in the purchase prices of these major raw material items, the Group could hardly pass on this impact to the customers immediately and so the Group inevitably suffered from temporary deterioration in profitability.

FINANCIAL REVIEW

The Group’s current ratio at both 30 September 2004 and 31 March 2004 was 1.1 times. The Group’s gearing ratio (i.e. the ratio of total liabilities to shareholders’ fund) at 30 September 2004 and 31 March 2004 was 0.82 times and 0.64 times respectively. The higher gearing ratio at 30 September 2004 was primarily resulted from the higher trade payable amount caused by the increase in the purchase price for such raw material items as laminate, prepreg and copper foil etc. during the current period and the increase in purchase volume of raw material during July to September 2004 to cater for the higher production volume during September and October 2004.

管理階層之討論及分析

業務回顧

由於通訊產品行業的存貨累積過多，本集團的通訊產品客戶尤其在本期間第一季度內對綫路板的需求疲弱。本期間綫路板的總生產面積比去年同期下跌約4%，雖然本集團在本期間有充份理據調升銷售價，但在此等情況下亦只能逐步調升。

本集團於本期間利用現時先進的生產設備生產更多銷售價較高的精密綫路板。本期間多層綫路板的銷售值佔總營業額約74%，而去年同期有關百分比只約為59%。雖然改變了銷售組合及如上文所述逐步調升了銷售價，但總營業額仍較去年同期下跌約2%。

由於用於生產綫路板的若干主要原材料價格屢次上漲，引致本集團本期間的毛利率下跌4.5%至9.6%。例如，由於全球對有色金屬如銅等的巨大需求，在本期間銅箔的平均採購價比對其去年同期間增加約27%。及由於全球的玻璃纖維供應短缺，部份敷銅板及半固化片在本期間末的採購價比對其於本期初分別高出接近40%及27%。由於本集團不可能即時將此等主要原材料頻密及巨大的採購價加幅轉嫁至客戶，故此本集團的盈利能力無可避免地經歷短暫變差。

財務回顧

於二零零四年九月三十日及二零零四年三月三十一日，本集團之流動比率均為1.1倍。於二零零四年九月三十日及二零零四年三月三十一日，本集團負債與資本比率（即是總負債與股東權益之比率）分別為0.82倍及0.64倍。於二零零四年九月三十日的高負債與資本比率主因是由於本集團於本期間的原材料如敷銅板、半固化片及銅箔等的採購價上升，及於二零零四年七月至九月期間增加採購量以配合於二零零四年九月及十月較高的生產量，引致應付貿易賬款較高。

As at 30 September 2004, the Group's aggregate outstanding balances of the finance leases and hire purchase contract payables, other loans and bank loan amounting to HK\$15,342,000 (31 March 2004: HK\$18,479,000) out of which HK\$6,710,000 (31 March 2004: HK\$9,534,000) were repayable within the next 12 months. These borrowings were all denominated in Hong Kong dollars, originally repayable monthly over 3 years and mainly subjected to floating interest rates. The Group does not adopt any interest rate hedging tool for these borrowings. Certain machinery and equipment of the Group with a net book value at 30 September 2004 of HK\$10,196,000 (31 March 2004: HK\$45,708,000) were pledged to secured these borrowings.

As at 30 September 2004, the Group's current assets and total liabilities were mostly denominated in either Hong Kong dollars or United States dollars. Besides, the Group's PCB plants are all located in Mainland China and the exchange rate of Renminbi remains fairly stable. Hence, the Group's net exposure to fluctuation in exchange rate is insignificant and no foreign currency hedging tool is adopted.

EMPLOYEE BENEFITS

As at 30 September 2004, the Group had 1,099 (31 March 2004: 1,064) employees, including directors, working mainly in Mainland China. For the period ended 30 September 2004, the Group's total staff costs including directors' remuneration were HK\$11,605,000 (2003: HK\$11,746,000).

According to the Group's staff remuneration policy, the remuneration of an employee is determined by the Board from time to time with reference to his performance and duties, the performance and profitability of his employer and the prevailing market conditions.

The Company operates a share option scheme for the purpose of encouraging the eligible participants to perform their best in achieving the goals of the Company and at the same time allows the eligible participants to enjoy the results of the Company attained through their effort and contribution. Up to 30 September 2004, the Company has granted a total of 16,250,000 share options to certain full-time employees and directors of the Company and its subsidiaries and all these share options have not been exercised. These share options are exercisable during the period from 15 June 2004 to 14 June 2009 at an exercise price of HK\$0.20 per share. If these outstanding share options are fully exercised, they shall represent approximately 3.5% of the existing issued share capital of the Company.

OUTLOOK

The current period was a difficult period because of the weak demand from the telecommunication products customers and the jump in purchase prices of certain major raw material items. Yet, the Group has already overcome this difficult time and there is some good news to come.

於二零零四年九月三十日，本集團的應付融資租約及租購合同、其他有抵押貸款及銀行貸款的總結欠為港幣15,342,000元（二零零四年三月三十一日：港幣18,479,000元），當中港幣6,710,000元（二零零四年三月三十一日：港幣9,534,000元）需於未來十二個月內償還。有關借貸均以港幣為結算單位、於三年期內每月償還及主要以浮動息率計算利息。本集團並無因應上述借貸採用任何利率對沖工具。本集團於二零零四年九月三十日賬面淨值為港幣10,196,000元（二零零四年三月三十一日：港幣45,708,000元）之若干機器及設備已作為有關借貸之抵押品。

於二零零四年九月三十日，本集團之流動資產及總負債大部份均以港幣或美元為結算單位。此外，本集團之綫路板廠房全位於中國大陸，而人民幣之匯率仍保持十分穩定。故此本集團因匯率波動而承受之風險並不重大，亦因此並無採用外匯對沖工具。

僱員福利

於二零零四年九月三十日，本集團包括董事在內共有僱員1,099人（二零零四年三月三十一日：1,064人），而大部份僱員皆在中國大陸工作。截至二零零四年九月三十日止期間，本集團包括董事酬金在內的總員工成本為港幣11,605,000元（二零零三年：11,746,000元）。

根據本集團的員工報酬政策，僱員的報酬由董事會參考其工作表現及職責、其僱主的業績及盈利水平以及現行市場情況而不時釐定。

本公司設立一項股份期權計劃，藉以鼓勵合資格參與者盡其所能，達成本公司的目標，並同時讓合資格參與者享受彼等之努力及貢獻為本公司帶來之成果。截至二零零四年九月三十日，本公司授予本公司及其附屬公司之若干全職僱員及董事合共16,250,000份股份期權，而所有股份期權仍未獲行使。該等股份期權可於二零零四年六月十五日起至二零零九年六月十四日止期間內，按每股港幣0.2元之行使價予以行使。若所有尚未行使的股份期權獲全數行使，它們將佔本公司現時已發行股本約3.5%。

前景

因為通訊產品客戶疲弱的需求及若干主要生產原材料採購價急升，本期間實為一個困難時期。然而，本集團已克服了這個艱難時期，並將有些好消息來臨。

First of all, the Group's largest customer has recently awarded a number of new projects to the Group to manufacture and new orders for PCB with substantial volume are estimated to commence in January 2005. There are also some multinational Japanese customers with whom the Group has almost reached agreement for future placement of orders for PCB.

In light of the high purchase prices of certain major raw material items, the Group's largest customer has already accepted the upward revision of selling price ranging from 4% to 12% with effect from October 2004 and will accept further upward revision of selling price in the next quarter. The Group estimates that more and more customers will accept the higher selling price for new model of PCB manufactured from December 2004 onwards.

Besides, certain major raw material suppliers have recently informed the Group that they agree to lower the purchase prices for some items ranging from 5% to 26% with effect from December 2004 onwards. When the lower purchase prices for these items become effective, the Group's competitive position will be further enhanced.

Barring any unforeseen circumstance, the Board is cautiously optimistic that the Group's results will turn around in the year ahead.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2004, the interests and short positions of the directors in the shares and underlying shares 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 under 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 Issuers", were as follows:

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	Directly beneficially owned 實益直接擁有	Beneficiary of a trust* 信託受益*	Total 合計	Percentage of the Company's issued share capital 佔本公司已發行 股本之百分比
Chan Sik Ming, Harry 陳錫明	34,480,000	56,033,417	90,513,417	19.42

* Chan Sik Ming, Harry and his family are the objects of a discretionary trust, which has appointed Earnwell Limited as its trustee. At 30 September 2004, Earnwell Limited held 56,033,417 shares representing approximately 12.02% of the issued share capital of the Company.

首先，本集團的最大客戶最近已批出多個新的項目予本集團生產，而大量新的綫路板訂單預計會在二零零五年一月起開始落實。另外，本集團與數間跨國日本客戶洽談未來落實生產綫路板訂單的工作亦接近達成協議的階段。

考慮到若干主要原材料高昂的採購價，本集團的最大客戶已經接受由二零零四年十月份開始銷售價上調4%至12%，並將接受在下一季度起銷售價再進一部上調。本集團預期將會有更多的客戶由二零零四年十二月起接受新型號綫路板以更高的銷售價生產。

此外，本集團最近接獲若干主要原材料供應商的通告，同意由二零零四年十二月份開始調低某些原材料的採購價，減幅由5%至26%不等。當這些原材料採購價的調減落實後，本集團的競爭能力將可以進一步加強。

如無任何不可預見的情況，董事會對本集團在來年可轉虧為盈表示審慎樂觀。

董事於股份及相關股份之權益或淡倉

於二零零四年九月三十日，董事於本公司或其相關法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份及相關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：

* 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。於二零零四年九月三十日，Earnwell Limited持有股份56,033,417股，約佔本公司已發行股本之12.02%。

Long position in underlying shares of the Company
於本公司相關股份之好倉

Name of director 董事姓名	Number of share options# 所持股份期權數目#	Percentage of the Company's existing issued share capital if fully exercised 若全數行使後佔本公司現時已發行股本之百分比
Chan Sik Ming, Harry 陳錫明	4,600,000	0.99
Hiroto Sasaki 佐佐木弘人	4,600,000	0.99
Au-Yeung Wai Hung 歐陽偉洪	4,600,000	0.99
Lo Sun Wah 勞新華	500,000	0.11

These share options were granted by the Company on 15 June 2004 and are exercisable during the period from 15 June 2004 to 14 June 2009 at an exercise price of HK\$0.20 per share.

該等股份期權由本公司於二零零四年六月十五日授出，並可於二零零四年六月十五日起至二零零九年六月十四日止期間內，按每股港幣0.2元之行使價予以行使。

Save as disclosed above, none of the directors had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded under 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 Issuers".

除上文披露者外，董事於本公司或其任何相關法團之股份及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。

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

主要股東及其他人士之股份及相關股份之權益

As 30 September 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:

於二零零四年九月三十日，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：

Long positions
好倉

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 佔本公司已發行股本之百分比
Lau Wing Hung 劉學宏	Directly beneficially owned 實益直接擁有人	68,078,000	14.61
Earnwell Limited	Trustee 信託人	56,033,417	12.02
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	Trustee 信託人	47,984,416	10.30

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 and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

除上文披露者外，除本公司董事之權益載於上一節「董事於股份及相關股份之權益或淡倉」外，概無其他人士之股份及相關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。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

The Audit Committee of the Company comprises the three independent non-executive directors of the Company. Its principal duty is to review and supervise the Company's and the Group's financial reporting process and internal controls. It has reviewed this unaudited interim report of the Group for the 6 months ended 30 September 2004.

CODE OF BEST PRACTICE

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period for the 6 months ended 30 September 2004, in compliance with the "Code of Best Practice" set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), except that the independent non-executive directors of the Company are not appointed for specific terms 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.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has not adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" ("Model Code") in Appendix 10 of the Listing Rules. During the period ended 30 September 2004 and after having made specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code.

By Order of the Board
Chan Sik Ming, Harry
Chairman

Hong Kong, 15 December 2004

As at the date of this interim report, the Board consists of six executive directors, namely, CHAN Sik Ming, Harry, LO Sun Wah, Motofumi TSUMURA, Hiroto SASAKI, Hiroyuki KIKUCHI and AU-YEUNG Wai Hung, and three independent non-executive directors, namely, Taro AKASHI, Kohu KASHIWAGI and CHAN Yuk Tong.

購回、出售或贖回上市證券

在本期間內，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。

審核委員會

本公司的審核委員會由本公司三位獨立非執行董事組成，其主要職責為檢討及監督本公司及本集團之財務報告過程及內部監控。審核委員會已檢閱本集團截至二零零四年九月三十日止六個月期間之中期報告。

最佳應用守則

本公司獨立非執行董事之委任並非有指定年期，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膺選連任。除此之外，各董事概無知悉任何資料，足以合理地顯示本公司現時或截至二零零四年九月三十日止之六個月結算期內之任何時間，未有遵守聯交所在證券上市規則（「上市規則」）附錄十四載列之「最佳應用守則」。

董事進行證券交易的標準守則

本公司未有採納一套比聯交所在上市規則附錄十載列之「上市發行人董事進行證券交易的標準守則」（「標準守則」）所訂標準更高的董事證券交易的守則。在本期間截至二零零四年九月三十日止及經過向所有董事作出特定查詢後，本公司確認所有董事已遵守標準守則內所訂的有關標準。

承董事會命
陳錫明
主席

香港，二零零四年十二月十五日

於本中期報告日期，董事會包括六名執行董事，即陳錫明、勞新華、津村元史、佐佐木弘人、菊地弘之、及歐陽偉洪與及三名獨立非執行董事，即明石太郎、柏木紘宇及陳育棠。