SINOTRONICS HOLDINGS LIMITED
華翔微電子控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1195)

Announcement of Interim Results
For the six months ended 31 December 2007

RESULTS

The board (the "Board") of directors (the "Directors") of Sinotronics Holdings Limited ("Sinotronics" or the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2007 together with the comparative figures for the corresponding six months ended 31 December 2006 as follows:

Condensed Consolidated Income Statement
For the six months ended 31 December 2007
(Express in Renminbi)

		(Unaudited) Six months ended 31 December	
		2007	2006
	Notes	***RMB'000***	*RMB'000*
Turnover	3	**342,279**	344,503
Cost of sales		**(232,332)**	(234,633)
Gross profit		**109,947**	109,870
Other revenue	4	**5,295**	2,798
Distribution costs		**(4,072)**	(5,030)
Administrative expenses		**(11,165)**	(10,831)
Other operating expenses		**(2,245)**	(7,602)
Profit from operations		**97,760**	89,205
Finance costs	5(a)	**(67,945)**	(8,974)
Profit from ordinary activities before taxation	5	**29,815**	80,231
Taxation	6	**(11,122)**	(11,152)
Profit from ordinary activities after taxation		**18,693**	69,079
Attributable to:			
Equity shareholders of the Company		**18,693**	65,904
Minority interests		**—**	3,175
Profit for the period		**18,693**	69,079
Earnings per share	7		
Basic		**3.4 cents**	12 cents
Diluted		**3.4 cents**	12 cents

Condensed Consolidated Balance Sheet
As at 31 December 2007
(Express in Renminbi)

	Notes	**(Unaudited) As at 31 December 2007** *RMB'000*	(Audited) As at 30 June 2007 *RMB'000*
Non-current assets			
Property, plant and equipment	9	**366,068**	358,242
Interest in leasehold land held for own use under operating lease		**16,931**	17,159
Purchase deposits of property, plant and equipment		**12,769**	11,557
Purchase deposits of leasehold land		**1,916**	1,916
Deferred tax assets		**2,056**	2,056
		399,740	390,930
Current assets			
Inventories		**27,932**	36,100
Trade and other receivables	10	**281,963**	262,691
Fixed deposits		**25,252**	75,660
Cash and cash equivalents		**845,251**	728,432
		1,180,398	1,102,883
Current liabilities			
Trade and other payables	11	**166,831**	159,815
Short-term bank loans		**176,700**	146,498
Obligations under finance leases	12	**2,951**	3,059
Taxation		**7,121**	6,416
Derivative financial instruments	13	**189,952**	151,280
		543,555	467,068
Net current assets		**636,843**	635,815
Total assets less current liabilities		**1,036,583**	1,026,745
Non-current liabilities			
Non-current bank loans		**131,834**	136,539
Obligations under finance leases	12	**1,824**	3,419
		133,658	139,958
NET ASSETS		**902,925**	886,787
Capital and reserves			
Share capital	14	**58,684**	58,123
Reserves		**844,241**	828,664
TOTAL EQUITY		**902,925**	886,787

Condensed Consolidated Statement of Changes in Equity — Unaudited

For the six months ended 31 December 2007

(Express in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Share-based compensation reserve *RMB'000*	Statutory reserve *RMB'000*	Capital reserve *RMB'000*	Exchange reserve *RMB'000*	Building valuation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 July 2006	49,568	159,175	144	—	46,115	297	39	414,695	670,033	31,243	701,276
Equity settled share-based transactions	—	—	3,065	—	—	—	—	—	3,065	—	3,065
Exchange difference on translation of financial statements of subsidiaries outside PRC	—	—	—	—	—	1,704	—	—	1,704	—	1,704
Surplus on revaluation of buildings held for own use, net of deferred tax	—	—	—	—	—	—	3,991	—	3,991	—	3,991
Issue of shares upon conversion of convertible bonds	8,555	85,796	—	—	—	—	—	—	94,351	—	94,351
Dividend approved in respect of the previous year	—	—	—	—	—	—	—	(19,274)	(19,274)	(1,586)	(20,860)
Acquisition of minority interests	—	—	—	—	17,832	—	—	—	17,832	(32,832)	(15,000)
Profit for the year	—	—	—	—	—	—	—	115,085	115,085	3,175	118,260
Appropriations to statutory reserve	—	—	—	3,440	—	—	—	(3,440)	—	—	—
At 30 June 2007	58,123	244,971	3,209	3,440	63,947	2,001	4,030	507,066	886,787	—	886,787
Exchange difference on translation of financial statements of subsidiaries outside PRC	—	—	—	—	—	9,321	—	—	9,321	—	9,321
Dividend approved in respect of the previous year	—	—	—	—	—	—	—	(18,120)	(18,120)	—	(18,120)
Issue of shares upon exercise of subscription rights attached to convertible bonds	187	1,669	—	—	—	—	—	—	1,856	—	1,856
Issue of shares under share options scheme	374	4,014	—	—	—	—	—	—	4,388	—	4,388
Profit for the year	—	—	—	—	—	—	—	18,693	18,693	—	18,693
At 31 December 2007	58,684	250,654	3,209	3,440	63,947	11,322	4,030	507,639	902,925	—	902,925
At 1 July 2006	49,568	159,175	144	—	46,115	297	39	414,695	670,033	31,243	701,276
Exchange difference on translation of financial statements of subsidiaries outside PRC	—	—	—	—	—	8,719	—	—	8,719	—	8,719
Issue of shares upon conversion of convertible bonds	8,555	85,652	—	—	—	—	—	—	94,207	—	94,207
Dividend approved in respect of the previous year	—	—	—	—	—	—	—	(19,361)	(19,361)	—	(19,361)
Acquisition of minority interests	—	—	—	—	—	—	—	19,418	19,418	(34,418)	(15,000)
Profit for the year								65,904	65,904	3,175	69,079
As 31 December 2006	58,123	244,827	144	—	46,115	9,016	39	480,656	838,920	—	838,920

Condensed Consolidated Cash Flow Statement — Unaudited
For the six months ended 31 December 2007
(Express in Renminbi)

	2007	2006
	RMB'000	*RMB'000*
Net cash from operating activities	**67,639**	98,056
Net cash from investing activities	**35,141**	(48,860)
Net cash from financing activities	**11,237**	(11,486)
Net increase/(decrease) in cash and cash equivalents	**114,017**	37,710
Cash and cash equivalents at 1 July	**728,432**	572,803
Effect of foreign exchange rate changes	**2,802**	(2,870)
Cash and cash equivalents at 31 December	**845,251**	607,643
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**845,251**	607,643

Notes to Condensed Accounts

For the six months ended 31 December 2007
(Express in Renminbi)

1. BACKGROUND OF THE COMPANY

The Company was incorporated in the Cayman Islands on 29 September 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. Its shares had been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 May 2001. On 20 January 2003, the Company withdrew the listing of its shares on the GEM and on the same date, the Company's shares were listed on the Main Board of the Stock Exchange by way of introduction.

2. BASIS OF PREPARATION

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 30 June 2007 that is included in the interim financial report as being previously reported information does not constitute the company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2007 are available from the company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 October 2007.

3. TURNOVER

The Company acts as an investment holding company and the Group is principally engaged in the manufacture and sales of printed circuit boards ("PCBs"), PCBs assembling products and provision for surface mount technology ("SMT") processing service.

Turnover represents the sales value of goods supplied to customers, which excludes value-added tax and is stated after deduction of all goods returns and trade discounts, and service income from SMT processing service. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Sales of PCBs	**272,469**	266,501
Sales of PCBs assembling products	**57,127**	63,261
SMT processing service income	**12,683**	14,741
	342,279	344,503

4. OTHER REVENUE

	Six months ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Other revenue		
Interest income from banks	**5,276**	2,378
Others	**19**	420
	5,295	2,798

5. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

		Six months ended 31 December	
		2007	2006
		RMB'000	*RMB'000*
(a)	Finance costs:		
	Interest on bank loans wholly repayable within five years	**11,205**	7,928
	Finance charges on obligations under finance leases	**213**	389
	Payment on derivative financial instruments	**11,252**	—
	Fair value adjustment		
	— Derivative financial instruments	**45,206**	—
	Other borrowing costs	**69**	657
	Total borrowing costs	**67,945**	8,974
(b)	Staff costs:		
	Contributions to defined contribution plans	**740**	382
	Salaries, wages and other benefits	**8,663**	6,923
		9,403	7,305
(c)	Other items:		
	Cost of inventories	**232,332**	234,633
	Amortisation of interest in leasehold land held for own use under operating lease	**228**	193
	Depreciation		
	— owned fixed assets	**10,944**	8,957
	— assets held for use under finance lease	**566**	1,269
	Operating lease rentals for premises	**779**	829
	Bad debts written off	**—**	118

6. TAXATION

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Current tax — Overseas		
Provision for PRC enterprise income tax *(see note (iii) below)*	**11,122**	11,152

Notes:

(i) *Overseas income tax*

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2019. The Company's subsidiaries in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempt from British Virgin Islands income taxes.

(ii) *Hong Kong profits tax*

No provision for Hong Kong profits tax has been made as the Group did not generate any income subject to Hong Kong profits tax during the periods presented.

(iii) *PRC enterprise income tax*

The Group's subsidiaries in the People's Republic of China (the "PRC") are subject to PRC enterprise income tax at a preferential rate of 15%. In accordance with the relevant tax rules and regulations in the PRC, two subsidiaries in the PRC are fully exempted from PRC enterprise income tax until 31 December 2007. Thereafter, they will be entitled to a 50% reduction of PRC income tax for the next three years.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("New Tax Law") which will take effect on 1 January 2008. From 1 January 2008, the existing preferential tax rate is expected to gradually increase to the standard rate of 25% over a five-year transition period. However, the New Tax Law has not set out the details as to how the existing preferential tax rate will gradually increase to the standard rate of 25%. The enactment of the New Tax Law is not expected to have a significant financial effect on the amount accrued in the balance sheet in respect of current tax payable and the carrying value of deferred tax balance at 31 December 2007.

There is no significant unprovided deferred taxation for both interim periods.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2007 was based on the unaudited consolidated profit attributable to equity shareholders of the Company of approximately RMB18,693,000 (2006: RMB65,904,000) and the weighted average number of approximately 557,544,000 (2006: 544,800,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 31 December 2007 was based on the unaudited consolidated profit attributable to equity shareholders of the Company of approximately RMB18,693,000 (2006: RMB65,904,000) and the weighted average number of approximately 557,544,000 (2006: 553,516,000) ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

8. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Business segment

The Group comprises the following main business segments:

PCBs	:	the manufacture and sales of PCBs
PCBs assembling products	:	the manufacture and sales of PCBs assembling products
SMT processing	:	the provision for service mount technology processing service

	PCBs Six months ended 31 December		**PCBs assembling products Six months ended 31 December**		**SMT Processing Six months ended 31 December**		**Inter-segment elimination Six months ended 31 December**		**Unallocated Six months ended 31 December**		**Consolidated Six months ended 31 December**	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**272,469**	266,501	**57,127**	63,261	**12,683**	14,741	**—**	—	**—**	—	**342,279**	344,503
Inter-segment revenue	**—**	105	**—**	—	**—**	—	**—**	(105)	**—**	—	**—**	—
Total	**272,469**	266,606	**57,127**	63,261	**12,683**	14,741	**—**	(105)	**—**	—	**342,279**	344,503
Segment result	**90,806**	91,809	**5,103**	6,653	**2,682**	2,309	**—**	—	**—**	—	**98,591**	100,771
Unallocated operating income & expenses											**(831)**	(11,566)
Profit from operations											**97,760**	89,205
Finance costs											**(67,945)**	(8,974)
Taxation											**(11,122)**	(11,152)
Minority interests											**—**	(3,175)
Profit after taxation											**18,693**	65,904
Depreciation & amortisation	**10,145**	9,281	**1,030**	811	**542**	282	**—**	—	**21**	45	**11,738**	10,419
Segment assets	**1,311,814**	1,084,936	**206,402**	206,822	**108,479**	71,780	**(156,719)**	(129,322)	**110,162**	42,390	**1,580,138**	1,276,606
Segment liabilities	**318,474**	314,112	**110,707**	116,963	**58,185**	40,593	**(156,719)**	(129,322)	**346,566**	95,340	**677,213**	437,686
Capital expenditure	**9,768**	12,565	**6,266**	16,721	**3,294**	5,803	**—**	—	**22**	13	**19,350**	35,102

9. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 31 December 2007, the Group acquired property, plant and equipment amounting to approximately RMB19,350,000 (six months ended 31 December 2006: RMB35,102,000).

At 31 December 2007, net book value of fixed assets held by the Group under finance leases amounted to approximately RMB9,716,000 (six months ended 31 December 2006: RMB13,564,000).

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors with the following aging analysis:

	As at 31 December 2007	As at 30 June 2007
	RMB'000	*RMB'000*
Invoice date:		
— Within 3 months	**146,266**	159,571
— 3 to 6 months	**83,172**	80,574
— 6 to 12 months	**11,003**	13,123
— More than 12 months	**5,765**	4,778
	246,206	258,046
Less: Impairment losses	**(7,878)**	(7,878)
	238,328	250,168

Normally, these receivables are due within 90 to180 days from the date of billing. Debtors with balances that are more than 6 months overdue are requested to settle all outstanding balances before any further credit is granted.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following aging analysis:

	As at 31 December 2007	As at 30 June 2007
	RMB'000	*RMB'000*
Due within 6 months or on demand	**65,705**	95,245
Due after 6 months but within 1 year	**4,853**	10,190
Due after 1 year	**3,047**	3,115
	73,605	108,550

12. OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2007, the obligations under finance leases were repayable as follows:

	(Unaudited) As at 31 December 2007			(Audited) As at 30 June 2007		
	Present value of the minimum lease payments *RMB'000*	**Interest expense relating to future periods** *RMB'000*	**Total minimum lease payments** *RMB'000*	**Present value of the minimum lease payments** *RMB'000*	**Interest expense relating to future periods** *RMB'000*	**Total minimum lease payments** *RMB'000*
Within 1 year	**2,951**	**229**	**3,180**	3,059	379	3,438
After 1 year but within 2 years	**1,824**	**53**	**1,877**	2,857	162	3,019
After 2 years but within 5 years	**—**	**—**	**—**	562	10	572
	1,824	**53**	**1,877**	3,419	172	3,591
	4,775	**282**	**5,057**	6,478	551	7,029

13. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2007 *RMB'000*	As at 30 June 2007 *RMB'000*
Structured interest rate swaps, at fair value	**189,952**	151,280

In February 2007, the Company entered into two structured interest rate swaps (the "Swaps") with maturity in 2012 with a commercial bank (the "Bank"), under which total upfront payments of approximately RMB113,490,000 were received at the inception of the Swaps and were initially recognised as derivative financial liabilities in balance sheets. The Swaps are remeasured at fair value as estimated by the Bank based on certain assumption at each balance sheet date. Key terms of the interest rate swaps are summarised as follows:

		Swap 1	**Swap 2**
Notional amounts:		HK$390,000,000	USD100,000,000
Upfront payments:		HK$39,000,000	USD10,000,000
Effective date:		14 February 2007	19 April 2007
Maturity date:		14 February 2012	19 April 2012
Bank pays:	First six months:	7% (semi-annually)	8% (semi-annually)
	Thereafter:	7%*N/D (semi-annually) *Note (i)*	
The Company pays:		9% (semi-annually)	First six-months: 10% (semi-annually) Thereafter: 10%–5* (Index YoY Return –1%) Coupon capped at 13% and floored at 0% (semi-annually) *Note (ii)*

Notes:

(i) *N equals the number of business days in the Observation Period* (each such date a "Reference Date") for which Reference Rate 1** minus Reference Rate 2*** is greater than or equal to 0%.*

D equals the actual number of business days in such Observation Period.

For purpose of calculating "N" for each Observation Period, the Reference Rate 1 and Reference 2 shall be observed on each Reference Date during such Observation Period (each such date an "Observation Date").

* *Observation Period means each period beginning from and including the day which is five business days prior to the previous payment date (or the effective date in the case of the first six months), to but excluding the day that is six business days prior to the next following payment date.*

** *Reference Rate 1 means the HKD-Swap Rate published by the International Swaps and Derivatives Association, Inc. with a designated maturity of ten years.*

*** *Reference Rate 2 means the HKD-Swap Rate published by the International Swaps and Derivatives Association, Inc. with a designated maturity of two years.*

(ii) *Index means the Deutsche Bank Pan-Asian Forward Rate Bias Index (the "Index") as published on Bloomberg.*

Index YoY Return is the closing level of the Index five business days prior to the end of the relevant coupon payment period/closing level of the Index five business days prior to the coupon payment date which is two coupon payment periods prior to the relevant coupon payment (or effective date in cash of the second coupon payment period) –1.

14. SHARES CAPITAL

	Number of shares	Amount
	'000	*RMB'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 July 2007 and 31 December 2007	1,000,000	106,000
Issue and fully paid:		
At 1 July 2007	553,169	58,123
Issue of shares upon exercise of subscription rights attached to convertible bonds	2,000	187
Issue of shares under share options scheme	4,000	374
At 31 December 2007	559,169	58,684

15. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2007 not provided for in the consolidated financial statements were as follows:

	As at 31 December 2007 *RMB'000*	As at 30 June 2007 *RMB'000*
Contracted for	**43,041**	48,301
Authorised but not contracted for	**50,480**	52,166
	93,521	100,467

(b) As at 31 December 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December 2007 *RMB'000*	As at 30 June 2007 *RMB'000*
Within 1 year	**1,289**	520
After 1 year but within 5 years	**935**	—
	2,224	520

16. MATERIAL RELATED PARTY TRANSACTIONS

During the year, particulars of significant transactions between the Group and related parties were as follow:

	Six months ended 31 December	
	2007 *RMB'000*	2006 *RMB'000*
Lease rental charged by Ms. He Yu Zhu *(note (i))*	**171**	171

Note:

(i) During the year, the Group entered into a lease arrangement with Ms. He Yu Zhu, the spouse of Mr. Lin Wan Qaing who is the controlling shareholder and an executive director of the Company, for leasing of an office premises in Fuzhou, the PRC. Office rentals are payable at a pre-determined amount per month by reference to market rates in accordance with the terms of the tenancy agreement signed by the Group and Ms. He Yu Zhu.

17. **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The Company's Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 31 December 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the period under review, turnover of the Group amounted to RMB342,279,000 (2006: RMB344,503,000), representing a decline of approximately 0.6% as compared to the corresponding period last year.

The gross profit for the period under review reached approximately RMB109,947,000 as compared to approximately RMB109,870,000 for previous period. Operating profit and profit attributable to equity shareholders of the Company were RMB97,760,000 (2006: RMB89,205,000) and RMB18,693,000 (2006: RMB65,904,000) respectively, representing an increase of 9.6% and decrease in 71.6% respectively as compared to previous period. Earnings per share was RMB3.4 cents (2006: RMB12 cents).

Loss arising from payment on and changes in fair value of the derivative financial instruments amounted to approximately RMB56,458,000 (2006: NIL). Ignoring the effect of such loss, the net profit attributable to equity shareholders for the period would reached RMB75,151,000 representing an increase of 14.0% as compared to previous period and earnings per share reached RMB13.5 cents (2006: RMB12 cents).

Concerns by investors of the Company that after netting off the payment obligations between the parties to the structured financial instruments (the "Instruments"), may result in the Company being in aggregate the net paying party for the sum paid in excess of the amount of the upfront payment received by the Company. In order to minimize speculation on the financial exposure of the Company under the Instruments, on 12 December 2007, the controlling shareholder (the "CS") of the Company, had executed a deed of indemnity (the "Deed") providing financial assistance to the Company in respect of its obligations in connection with the Instruments.

If the Company eventually makes a loss, the maximum future financial exposure or cash outflow of the Company under the Instruments will be contained at the amount of the upfront payment. If however, the Company makes a profit, this means that the amount actually paid out by the CS is less than the amount received by the Company, the Company will still be entitled to keep the difference, since the Company is only required to reimburse the CS such amount equivalent to the sum actually paid by the CS to the Company under the Deed. Effectively, the Deed has shifted the risk of the Instruments, if any, to the CS, but retain the benefit, if any, of the Instruments.

Business Review

The Group is principally engaged in the manufacturing and sales of rigid printed circuit boards ("PCBs") and flexible printed circuit boards ("FPCBs"), as well as providing printed circuit boards assembly ("PCBA") and surface mounting technology ("SMT") processing services. Its products are applied in a broad range of products such as mobile communication devices, consumer digital devices, automotive and medical devices.

During the period, the Group's revenue remained flat. Turnover of PCBs, FPCBs increased slightly by 0.6% and 6.8% respectively, while the turnover of PCBA and SMT processing services decreased by 9.7% and 14.0% respectively as compared to the corresponding period in 2006. The PCBs segment remained the Group's core business, however, the revenue increase in the PCBs business was moderate since production capacity has reached full utilization since 2006. In September 2007, the production facility for PCBA and SMT services moved from the previous rental site to a new self-owned site. As there was a period of testing and adjustment of machinery after the move, revenue from the PCBA and SMT segment recorded a decline.

The Group's FPCBs customers are mainly international electronics product manufacturers from countries with advanced FPCBs manufacturing technology such as the US and Japan. Towards the end of 2007, the subprime crisis in the U.S. has had an adverse effect on the world economy. As a result, global demand for FPCBs has declined. During the period, although the Group recorded an increase in the sales volume of FPCBs, lower average selling price has caused only a slightly increase in turnover and lower operation profit ratio for this segment.

Segmental Information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because it is more relevant to the Group's internal financial reporting.

PCBs

During the period, sales of PCBs amounted to RMB196,475,000 (2006: RMB195,377,000), representing approximately 57.4% of the Group's total turnover. Operating profit of this business segment was RMB78,057,000 (2006: RMB78,324,000), representing a decline of 0.3% compared with the same period in the preceding year.

FPCBs

Sales of FPCBs reached approximately RMB75,994,000 (2006: RMB71,124,000), which accounts for approximately 22.2% of the Group's total turnover during the period. Operating profit reached approximately RMB12,749,000 (2006: RMB13,485,000), representing a decline of 5.5% compared with the same period in previous year. The decline in operating profit in FPCB sector was mainly due to the lower average selling price.

PCBA

Turnover from PCBA services during the period amounted to approximately RMB57,127,000 (2006: RMB63,261,000), or 16.7% of the Group's total turnover. Operating profit was approximately RMB5,103,000 (2006: RMB6,653,000), representing an decrease of 23.3% compared with the same period in preceding year.

SMT PROCESSING SERVICES

Turnover contributed by SMT services recorded approximately RMB12,683,000 (2006: RMB14,741,000), accounting for 3.7% of the Group's total turnover. Operating profit was RMB2,682,000 (2006: RMB2,309,000), representing a growth of 16.2% compared with the same period in previous year.

Geographically, sales within the PRC (excluding Hong Kong and Taiwan) remained the largest segment, generating 87.5% (2006: 80.8%) of the Group's turnover. About 6.2% (2006: 9.0%) was attributed to sales to Australia for the period under review. The balance of approximately 6.3% of the Group's turnover (2006: 10.2%) was taken up by Germany, Hong Kong, Taiwan and other countries or regions.

Manufacturing Facilities

Fuqing Plant, Fujian Province

The manufacturing facility in Fuqing city, Fujian province focuses on the production of rigid PCBs, including double-sided and multilayer PCBs. It covers an area of 55 Chinese acres, or about 36,669 square meters. The Fuqing plant has reached full production capacity since 2006 and the Group continues to receive new orders from existing and new clients. The Group has purchased a new plot of land covering 33 Chinese acres, or about 22,001 square meters, as part of the expansion plan for the Fuqing plant. After expansion of the Fuqing production facility, total production capacity of rigid PCBs will rise by 50% to 60,000 square meters per month. The construction of the new plant has been delayed due to the slower than expected transfer of land use rights from local farmers to the Group.

Shuangxiang Electronics ("Mawei Plant"), Fujian Province

The production plant located in Mawei, Fuzhou city, Fujian province, is engaged in PCBA and SMT processing services. In September 2007, the Group moved from the previous rental site to a self-owned production plant with a total of 8 SMT productions lines. To cope with growing demand, the number of lines is expected to climb to 14–16 within 2–3 years.

Gemini Electronics ("Huizhou Plant"), Guangdong Province

The manufacturing facility in Huizhou city, Guangdong Province focuses on the production of FPCBs. The site covers 70 Chinese acres, or approximately 46,669 square meters. As in December 2007, the production capacity of Huizhou Plant was 12,000–13,000 square meters per month.

Prospect

Building on the foundation of the Group's rigid PCBs business in China, the Group will focus on this core segment for future development. After the capacity expansion of the Fuqing plant, it is expected that the PCBs segment will further enhance the Group's profitability.

Meanwhile, the Group is paying close attention to the US economy and consistently monitors the global FPCBs market trend. In addition, the Group will strive to control production costs, maintains client relationships and proactively seek for business opportunities to obtain additional orders from both existing and new clients. Since the moving to the new PCBA and SMT processing site in Mawei, the Group is confident that further economies of scale can be achieved, hence improving profitability.

With the Group's technical expertise and solid experience in the PCB industry, the management is cautiously optimistic that the Group is well positioned to adapt to the dynamic market conditions, and capture opportunities to bring maximum returns for its shareholders.

Liquidity and Financial Resources and Capital Structure

For the six months ended 31 December 2007, the Group's working capital requirement was principally financed by its internal resources, banking facilities and derivative financial instruments.

As at 31 December 2007, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of RMB845,251,000 (30 June 2007: RMB728,432,000), RMB636,843,000 (30 June 2007: RMB635,815,000) and RMB1,036,583,000 (2006: RMB1,026,745,000) respectively.

As at 31 December 2007, the Group had total bank borrowings (excluding obligations under finance leases) of RMB308,534,000 (30 June 2007: RMB283,037,000), included in these utilized bank loans, RMB176,700,000 were short-term and RMB131,834,000 were long-term. All of the utilized bank loans were secured by either corporate guarantees given by the Company, equity interest in operating subsidiaries or interest in leasehold land given by subsidiary company. Besides, the Group had available RMB70,000,000 (30 June 2007: RMB70,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met and had obligations under finance leases of RMB4,775,000 (30 June 2007: RMB6,478,000) denominated in Hong Kong dollars. Loan facilities were granted to the Group at the normal market interest rates.

During the six months ended 31 December 2007, the holder of the convertible bonds of the Company (the "Convertible Bonds") exercised the subscription rights attached to the Convertible Bonds for 2,000,000 ordinary shares of the Company at the price of HK$0.9919 per share and the shares were allotted and issued.

The Group had entered into two Instruments in February and April 2007 with maturity in 2012 with a commercial bank, Deutsche Bank AG ("DG"), under which total upfront payments of approximately RMB113,490,000 were received at the inception of the Instruments. As at 31 December 2007, the fair value of the Instruments was RMB189,952,000.

In pursuant to the Deed, the CS agreed to perform the payment obligations of the Company under the Instruments as from the date of the Deed to the extent as follows:

(i) in respect of each payment period, payment by the CS will be limited to the amount payable by the Company to DG after netting off the amount payable by DG to the Company, if any;

(ii) in case the Company receives amount from DG after netting off the amount payable by it to DG and the amount payable by DG, the Company will keep such amount received from DG; and

(iii) at the Maturity Date, the Company shall reimburse the CS such amount of sums paid by the CS to the Company under the Deed to the extent of the amount of the Cash Inflow and for the avoidance of doubt if the Cash Inflow exceeds the aggregate amount of sums actually paid by the CS to the Company under the Deed, the Company will only be required to reimburse the CS such amount equivalent to the sum actually paid by the CS to the Company under the Deed.

The CS agrees to indemnify the Company against all liabilities, claims, damages, costs and expenses which the Company may suffer by reason of his failure in performance of the said obligations.

The total bank borrowings and structural financial instruments of the Group were mainly for business expansion, capital expenditure and working capital purposes and were mainly denominated in Renminbi, Hong Kong dollars and United States dollars.

Total equity attributable to equity shareholders of the Group as at 31 December 2007 increased by RMB16,138,000 to RMB902,925,000 (30 June 2007: RMB886,787,000). The gearing ratio (calculated as the ratio of current liabilities plus non-current liabilities: total equity) of the Group as at 31 December 2007 was approximately 0.75 (30 June 2007: 0.68).

Saved as disclosed under the section headed "Management Discussion and Analysis", there is no changes in the Company's share capital.

Significant Investments

Saved as disclosed under the section headed "Management Discussion and Analysis", the Group had no other significant investment held during the six months ended 31 December 2007.

Acquisition and Disposal of Subsidiaries and Associated Companies

Saved as disclosed under the section headed "Management Discussion and Analysis", the Group had no other material acquisition and disposals of subsidiaries and affiliated companies, during the six months ended 31 December 2007 .

Employment Information

As at 31 December 2007, the Group employed a total of 1,668 (2006: 1,776) employees. It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the competitiveness of the Group's remuneration policy within the relevant industry. During the six months ended 31 December 2007, the employment cost (including directors' emoluments) amounted to approximately RMB9,403,000. In order to align the interests of staff, Directors and consultants with the Group, share options would be granted to staff, Directors and consultants under the Company's 2003 share options schemes (the "2003 Scheme"). During the period, 4,000,000 shares were exercised by consultants and as at 31 December 2007, there are 12,000,000 share options outstanding under the 2003 Scheme.

Charges on Group Assets

As at 31 December 2007, a bank loan of US$15,000,000 (equivalent to RMB101,834,000) granted to the Company was secured by its entire equity interest in Superford, Tempest, Winrise and Herowin (the "BVI subsidiaries"). The BVI subsidiaries are the immediate holding companies of Fuqiang, Gemini, Shuangxiang and Haichuang, respectively (the "PRC subsidiaries"). The PRC subsidiaries are the operating subsidiaries of the Group. Total net asset value of both the BVI and PRC subsidiaries as at 31 December 2007 was approximately RMB824,064,000.

Future Plans for Material Investments and Expected Sources of Funding

Saved as disclosed under the section headed "Management Discussion and Analysis", the Group had no future plans for material investments as at 31 December 2007.

The management will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

Exposure to Fluctuations in Exchange Rates

The Group has foreign currency risk as certain financial assets and liabilities are denominated in foreign currencies principally in United States dollars and Hong Kong dollars. The Group does not expect any appreciation or depreciation of the Renminbi against foreign currency which might materially affects the Group's result of operations. The Group did not employ any financial instruments for hedging purposes.

Capital Commitment

As at 31 December 2007, in respect of capital expenditures, the Group had contracted for but not provided in and authorized but not contract for capital commitment in the financial statements amounted to approximately RMB43,041,000 and RMB50,480,000 respectively.

Contingent Liabilities

As at 31 December 2007, the Group did not have any material contingent liabilities.

DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 31 December 2007 (2006: Nil).

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were 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 pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in the shares and underlying shares of the Company

Names	Capacity	Type of Interests	Number of shares held	Number of underlying shares held	Approximate % of the issued share capital
Lin Wan Qaing	Beneficial Owner	Personal	229,351,780	—	41.02
Liu Zhao Cai	Beneficial Owner	Personal	—	1,500,000	0.27
Xiang Song	Beneficial Owner	Personal	—	1,500,000	0.27
Hu Zhao Rui	Beneficial Owner	Personal	—	1,000,000	0.18
Tong Yiu On	Beneficial Owner	Personal	—	1,500,000	0.27
Lin Wan Xin	Beneficial Owner	Personal	—	1,000,000	0.18

Saved as disclosed above, as at 31 December 2007, none of the Directors or the chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its 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.

SHARE OPTIONS

The following table discloses details of the Company's share options held by the Directors, employees and consultants of the Group pursuant to the Company's 2003 Scheme and movements in such holdings during the period:

Name or category of participant	Date of grant	Outstanding as at 1 July 2007	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31 December 2007	Exercisable Period	Exercise price *HK$*	Market value per share at date of grant of options *HK$*
(a) Directors									
Liu Zhao Cai	4 September 2006	1,500,000	—	—	—	1,500,000	4 September 2006 to 3 September 2009	1.038	1.03
Xiang Song	4 September 2006	1,500,000	—	—	—	1,500,000	4 September 2006 to 3 September 2009	1.038	1.03
Hu Zhao Rui	4 September 2006	1,000,000	—	—	—	1,000,000	4 September 2006 to 3 September 2009	1.038	1.03
Tong Yiu On	4 September 2006	1,500,000	—	—	—	1,500,000	4 September 2006 to 3 September 2009	1.038	1.03
Lin Wan Xin	4 September 2006	1,000,000	—	—	—	1,000,000	4 September 2006 to 3 September 2009	1.038	1.03
(b) Eligible Employees	4 September 2006	5,500,000	—	—	—	5,500,000	4 September 2006 to 3 September 2009	1.038	1.03
(c) Consultants	27 April 2005	4,000,000	—	4,000,000	—	—	27 April 2005 to 26 April 2008	1.172	0.86
		16,000,000	—	4,000,000	—	12,000,000			

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2007, according to the register of members kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following Director(s)/ entity(ies) had an interests or short positions in the shares and 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, or, directly, or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

Long positions in the shares and underlying shares of the Company

Name	**Capacity**	**Number of shares**	**Total Number of shares**	**Approximate % of the issued share capital**
Lin Wan Qaing	Beneficial Owner	229,351,780	229,351,780	41.02
Atlantis Investment Management Ltd	Investment Manager	48,844,000	48,844,000	8.74
Webb David Michael	Beneficial Owner	4,002,000		
	Corporate Interest	23,782,000 *(Note)*	27,784,000	4.97
Preferable Situation Assets Limited	Beneficial Owner	28,018,000	28,018,000	5.01

Note: These shares are held by Preferable Situation Assets Limited, a company wholly owned by Mr. Webb David Michael, as disclosed in a filing by Mr. Webb David Michael as at 4 April 2007. According to a subsequent disclosure by Preferable Situation Assets Limited, as at 31 December 2007, its interest had increased to 28,018,000 shares.

Saved as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under Section 336 of the SFO as at 31 December 2007.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Saved as disclosed under the section headed "Share Options" and "Directors' Interests in Securities" above, at no time during the period was the Company or any of its subsidiaries, its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to acquire benefits by means of acquisition of shares in or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions in Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2007, except the following major deviations:

Code Provision A.4.1

This code stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

As at 31 December 2007, all independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation in accordance with the articles of association of the Company.

On 31 December 2007, each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of one year, which can be terminated by either party giving not less than one month notice in writing. The letters of appointment of all the independent non-executive Directors were commencing from 1 January 2008 and expiring on 31 December 2008.

Code Provision E.1.2

Under the code provision E.1.2 of the CG Code, the chairman of the Company should attend, and the chairman of the audit and remuneration committees should be available to answer questions at, the annual general meeting of the Company.

The chairman of the Company and the chairman of the remuneration committee were unable to attend the annual general meeting of the Company held on 21 December 2007 in person, but they have already delegated to one of the executive Directors to chair the meetings and answer questions at the annual general meeting on their behalf.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the period under review.

REMUNERATION COMMITTEE

The remuneration committee of the Company, currently comprising executive Director, namely Mr. Lin Wan Qaing, and independent non-executive Directors, namely Mr. Pan Chang Chi and Mr. Cai Xun Shan, is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management of the Company, as well as reviews and determines the remuneration of all the executive Directors and senior management of the Company with reference to the Company's objectives from time to time.

AUDIT COMMITTEE

The Company has established an audit committee on 8 May 2001 with written terms of reference. The duties of the audit committee of the Company are to review and discuss on the effectiveness of the external audit and risk evaluation of the Company, as well as the Company's annual report and accounts, interim reports and to provide advice and comments to the Board. The audit committee of the Company comprised three independent non-executive Directors, namely Mr. Pan Chang Chi, Mr. Cai Xun Shan and Mr. Cheung Chuen. The audit committee of the Company had met to review the interim results of the Group for the six months ended 31 December 2007.

On behalf of the Board
Liu Zhao Cai
Chairman

Hong Kong, 25 March 2008

As at the date of this announcement, the Board comprises Mr. Liu Zhao Cai, Mr. Xiang Song, Mr. Lin Wan Qaing, Mr. Lin Wan Xin, Mr. Hu Zhao Rui and Mr. Tong Yiu On as executive directors of the Company, and Mr. Pan Chang Chi, Mr. Cai Xun Shan and Mr. Cheung Chuen as independent non-executive directors of the Company.

* *For identification purposes only*