DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2007

FINANCIAL HIGHLIGHTS

- Revenue of HK$750 million at record high, up 20% from last year
- Profit attributable to equity holders of HK$143 million at record high, up 31% from last year
- Basic earnings per share of HK29.81 cents at record high, up 28% from last year
- Proposed final dividend of HK3.0 cents per share together with paid interim dividend of HK4.0 cents per share for current year
- Net assets of HK$374 million at record high, up 57% from last year end

The Board of Directors (the "Board") of Daisho Microline Holdings Limited (the "Company") is pleased to present the preliminary consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**750,449**	623,238
Cost of sales		**(427,423)**	(345,028)
Gross profit		**323,026**	278,210
Other income and gains		**6,065**	4,406
Selling and distribution costs		**(117,997)**	(113,968)
Administrative expenses		**(37,336)**	(33,066)
Other expenses		**(4,884)**	(2,847)
Finance costs	4	**(5,520)**	(2,560)
PROFIT BEFORE TAX	5	**163,354**	130,175
Tax	6	**(20,742)**	(21,121)
PROFIT FOR THE YEAR		**142,612**	109,054
Attributable to equity holders of the Company		**142,612**	109,054
DIVIDENDS	7		
Interim		**19,225**	-
Proposed final		**14,418**	14,252
		33,643	14,252
EARNINGS PER SHARE	8		
- Basic		**HK29.81 cents**	HK23.27 cents
- Diluted		**HK29.63 cents**	HK22.98 cents

CONSOLIDATED BALANCE SHEET

	Notes	**31 March 2007 *HK$'000***	31 March 2006 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**316,886**	242,873
Prepaid land lease payments		**4,171**	4,069
Deposits paid for acquisition of items of property, plant and equipment		**4,007**	19,270
Total non-current assets		**325,064**	266,212
CURRENT ASSETS			
Inventories		**40,569**	38,762
Trade debtors	10	**85,078**	135,751
Available-for-sale investment		**15,625**	-
Sundry debtors, prepayments and deposits		**11,440**	8,862
Cash and cash equivalents		**85,562**	53,355
Total current assets		**238,274**	236,730
CURRENT LIABILITIES			
Trade creditors	11	**62,344**	89,427
Other creditors and accruals		**35,322**	94,062
Interest-bearing bank and other borrowings		**41,293**	32,208
Tax payable		**16,105**	9,187
Total current liabilities		**155,064**	224,884
NET CURRENT ASSETS		**83,210**	11,846
TOTAL ASSETS LESS CURRENT LIABILITIES		**408,274**	278,058
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**34,486**	34,217
Deferred tax liabilities		**200**	6,500
Total non-current liabilities		**34,686**	40,717
Net assets		**373,588**	237,341
		=======	=======

CONSOLIDATED BALANCE SHEET (continued)

	31 March 2007 *HK$'000*	31 March 2006 *HK$'000*
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**48,061**	47,176
Reserves	**311,109**	175,913
Proposed final dividend	**14,418**	14,252
Total equity	**373,588**	237,341

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investment, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

During the year, the Group changed its identification of reporting geographical segment revenue. The Group reclassified its previous six geographical segments, namely "Mainland China", "Hungary", "Estonia", "Hong Kong", "Japan" and "Others" into the current five geographical segments, namely "Mainland China", "Europe", "Hong Kong", "Japan" and "Others". Further information of the current geographical segments is detailed in note 3 below. In the opinion of the directors, the revised basis of segment identification provides a more appropriate presentation of the segment revenue information. Prior year segment revenue information has been restated for comparative purpose.

The accounting policies and methods of computation used in the preparation of these financial statements are the same as those adopted in preparing the annual preliminary financial statements for the year ended 31 March 2006, except that the Group has changed certain of its accounting policies following its adoption of the new/revised HKFRSs which are effective for accounting periods beginning on or after 1 January 2006.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKFRS-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*

The principal changes in accounting policies are as follows:

(a) HKAS 21 *The Effects of Changes in Foreign Exchange Rates*

Upon the adoption of the HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 March 2007 or 31 March 2006.

(b) HKAS 39 *Financial Instruments: Recognition and Measurement*

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

(iii) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

(c) HKFRS-Int 4 *Determining whether an Arrangement contains a Lease*

The Group has adopted this interpretation as of 1 April 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This interpretation has had no material impact on these financial statements.

3. REVENUE

The principal activities of the Group are the manufacture and trading of printed circuit boards. There was no change in the nature of the Group’s principal activities during the year.

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

Segment information is presented by way of two formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary reporting basis, by geographical segment.

(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 by geographical segment, segment revenue is based on the location of the customers, and segment assets and capital expenditure are based on the location of the assets.

As detailed in note 1 to the financial statements, from 1 April 2006, the Group has changed its identification of reporting geographical segments and the prior year's segment revenue information has been restated.

	Year ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Segment revenue:		
Sales to external customers		
Mainland China	**306,703**	291,792
Europe	**248,092**	203,428
Hong Kong	**74,022**	48,905
Japan	**57,822**	38,375
Others	**63,810**	40,738
	750,449	623,238
	=======	=======

	31 March	31 March
	2007	2006
	HK$'000	*HK$'000*
Other segment information:		
Segment assets		
Mainland China	**378,198**	343,237
Hong Kong	**185,140**	159,705
	563,338	502,942
	=======	=======
Capital expenditure		
Mainland China	**126,015**	147,667
Hong Kong	**369**	950
	126,384	148,617
	=======	=======

4. FINANCE COSTS

	Year ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**947**	1,228
Finance lease and hire purchase contract payables	**4,573**	1,332
	5,520	2,560
	======	======

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
Depreciation	**64,401**	38,305
Cost of inventories sold	**428,561**	338,235
Gain on disposal of items of property, plant and equipment	**(150)**	(2,771)
Bank interest income	**(2,143)**	(220)
Other income	**(3,772)**	(1,415)
	======	======

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Year ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**20,379**	4,300
Overprovision in prior years	**(2,449)**	-
Current – Elsewhere		
Charge for the year	**9,112**	9,669
Underprovision in prior years	**-**	652
Deferred	**(6,300)**	6,500
Total tax charge for the year	**20,742**	21,121
	=======	=======

7. DIVIDENDS

	Year ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
Interim – HK4.0 cents (2006: Nil) per ordinary share	**19,225**	-
Proposed final - HK3.0 cents (2006: HK3.0 cents) per ordinary share	**14,418**	14,252
	33,643	14,252
	=======	=======

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**142,612**	109,054
	=========	=========
	Number of shares	*Number of shares*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**478,352,415**	468,629,264
Effect of dilution – weighted average number of ordinary shares:		
Share options	**3,013,112**	5,869,704
	481,365,527	474,498,968
	=========	=========

9. PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
Purchase of property, plant and equipment for the year	**126,384**	148,617
	======	======

10. TRADE DEBTORS

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of two months.

An aged analysis of the trade debtors as at the balance sheet date, based on the payment due date, is as follows:

	31 March 2007	31 March 2006
	HK$'000	*HK$'000*
Current to 1 month	**83,897**	133,721
1 to 2 months	**423**	1,344
2 to 3 months	**35**	46
Over 3 months	**723**	640
	85,078	135,751
	=======	=======

11. TRADE CREDITORS

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

	31 March 2007	31 March 2006
	HK$'000	*HK$'000*
Current to 1 month	**56,481**	74,937
1 to 2 months	**4,611**	12,150
2 to 3 months	**666**	1,373
Over 3 months	**586**	967
	62,344	89,427
	=======	=======

The trade creditors are non-interest-bearing and are normally settled on 90-day terms.

12. CAPITAL COMMITMENTS

The Group had the following capital commitments at the balance sheet date:

	31 March 2007	31 March 2006
	HK$'000	*HK$'000*
Capital commitments, contracted but not provided for, in respect of acquisition of items of property, plant and equipment	**4,688**	59,641
	=====	======

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group achieved another breakthrough in operating performance for the current year with both revenue and net profit at record high. The Group's revenue for the current year was about HK$750 million, up 20% from last year. The Group's net profit after tax for the current year was about HK$143 million, up 31% from last year.

The outstanding operating performance of the Group for the current year was mainly attributable to two major factors. Firstly, the Group was benefited from the strong global demand for high density inter-connect ("HDI") printed circuit boards ("PCB") for mobile phones, particularly during the first half of the current year because HDI PCB has become the main stream of PCB used for modern mobile phones nowadays. Secondly, the Group acquired timely a series of highly sophisticated production machines from the second half of last year to enlarge its production capacity for HDI PCB and the Group was capable of meeting the huge demand for HDI PCB by the world-renowned telecommunication product customers.

The Group's production facilities were most suitable and best utilized for the manufacture of HDI PCB. Because mobile phone was still the most common product application for HDI PCB and the profit margins from telecommunication product customers were on average far greater than those from other electronic products customers, most of the Group's PCB production capacity for the current year was devoted to meet the demand from the telecommunication product customers. Accordingly, the sales value of PCB for the telecommunication product customers as a proportion of the Group's revenue further increased from about 74% in last year to about 80% in current year.

The Group's gross profit margin decreased slightly from about 45% in last year to about 43% in current year. Although the Group's PCB average selling price during the current year remained stable as compared to last year, the increase in the depreciation charges and the average purchase price of laminate during the current year eroded the Group's gross profit margin. Resulting from the substantial addition of highly sophisticated production machines since the second half of last year, the depreciation charges attributable to the manufacturing activity increased from about HK$35 million in last year to about HK$60 million in current year. Besides, the average purchase price of laminate increased by about 7% during the current year due to the continuous mismatch of global demand and supply for copper and glass fibre.

The Group's revenue for the first half of the current year and the second half of the current year was about HK$459 million and about HK$291 million respectively. After the proliferation of numerous models of mobile phone for almost two years, some of the Group's telecommunication product customers began to review their marketing and technical strategy in the summer of 2006. They tried to re-schedule the delivery time for some models of mobile phone in order to avoid the early erosion in their average selling price and to minimize their stock level. Besides, they commenced to gradually shift the technological requirement of HDI PCB for mobile phone towards a more advance level for which the Group was struggling during the current year. Hence, the Group's operating results for the second half of the current year was less satisfactory.

In light of the forthcoming shift of technological requirement of HDI PCB for mobile phone by some of the Group's world-renowned telecommunication product customers, the Group has expedited its evolution towards becoming a more advance PCB manufacturer. With the effort of the Group's staff and the support rendered by Daisho Denshi Co., Ltd. which is one of the Company's substantial shareholders and also one of the top manufacturers of highly delicate PCB in Japan, the Group is now capable of manufacturing the more advance level of HDI PCB for mobile phone as required by these world-renowned telecommunication product customers. Although these customers are expected to finalize the formal approval of the Group in the supply of the more advance level of HDI PCB to them until the early of 2008, the Group could still continue to sharpen its edge in the manufacture of HDI PCB during the intervening period because the Group has developed some original design manufacturers of mobile phone in the Mainland China consuming HDI PCB with requirements no less inferior to those required by the Group's existing world-renowned telecommunication product customers.

FINANCIAL REVIEW

The total capital expenditure incurred by the Group during the current year was about HK$126 million out of which about 86% was incurred during the first half of the current year. They consisted mainly of highly sophisticated production machines acquired to cope with the foreseeable huge demand for HDI PCB. External finance lease facilities amounting to about HK$50 million had been arranged to finance part of these capital expenditure during the current year while the balance of these capital expenditure was financed by the Group's internal resources.

The Group's gearing ratios (defined as the ratio of interest-bearing bank and other borrowings to total equity) at 31 March 2007 and 31 March 2006 were 0.20 times and 0.28 times respectively while the Group's current ratios at 31 March 2007 and 31 March 2006 were 1.54

times and 1.05 times respectively. These financial ratios improved substantially because the Group's PCB operations generated net cash inflow of about HK$194 million during the current year.

As at 31 March 2007, the Group's interest-bearing bank and other borrowings amounting to HK$75,779,000 (*31 March 2006: HK$66,425,000*) out of which HK$41,293,000 (*31 March 2006: HK$32,208,000*) were repayable within the next 12 months. These borrowings were all denominated in Hong Kong dollars ("HK$"), originally repayable monthly over 3 years (except for the bank borrowings as at 31 March 2006 totalling HK$4,501,000 which were originally repayable within 3 months) and subjected to floating interest rates for about 91% (*31 March 2006: 79%)* of them. The Group has not adopted any interest rate hedging tool for these borrowings. Certain machinery and equipment of the Group with a net book value at 31 March 2007 of HK$109,420,000 (*31 March 2006: HK$70,089,000*) were pledged to secure these borrowings.

As at 31 March 2007, the Group's assets and liabilities were mostly denominated in either HK$, US$ or Renminbi ("RMB"). Because the exchange rate for US$ against HK$ is relatively stable in Hong Kong for the moment, the Group has not adopted any hedging tool against its assets or liabilities denominated in US$. Also because the Group's subsidiary in Mainland China has net assets as at 31 March 2007 and RMB is expected to appreciate gradually, there is only a remote possibility that the Group will suffer exchange loss on the translation of these net assets and so the Group has not adopted any hedging tool against these net assets denominated in RMB. However, the Group began to make use of foreign exchange forward contracts during the current year to hedge against part of its operating expenses to be paid in RMB in light of the expected appreciation of RMB.

EMPLOYEE BENEFITS

As at 31 March 2007, the Group had 1,505 (*31 March 2006: 2,001*) employees, including directors, working mainly in Mainland China. For the year ended 31 March 2007, the Group's total staff costs including directors' remuneration were HK$48,800,000 (*2006: HK$39,197,000*).

According to the Group's staff remuneration policy, the remuneration of an employee and the Company's director is determined by the Board and the Company's Remuneration Committee respectively 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 (the "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 allowing the eligible participants to enjoy the results of the Company attained through their effort and contribution. Eligible participants of the Scheme include (i) any full-time employees of the Company or any of its subsidiaries or associated companies; (ii) any directors (whether executive directors, non-executive directors or independent non-executive directors) of the Company or any of its subsidiaries or associated companies;

and (iii) any consultants, technical, financial, legal or other professional advisers engaged by the Company or any of its subsidiaries or associated companies, provided that the Company's board of directors or a duly authorised committee may have absolute discretion to determine whether one falls within the categories. The Scheme became effective on 28 August 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

OUTLOOK

The Board expects that the Group will not have significant breakthrough in operating performance during the first half of the financial year ending 31 March 2008 because some of the Group’s world-renowned telecommunication product customers commenced to gradually shift the technological requirement of HDI PCB for mobile phone towards a more advance level and they are expected to finalize the formal approval of the Group in the supply of the more advance level of HDI PCB to them until the early of 2008. However, the Board is optimistic about the Group’s operating performance during the second half of the financial year ending 31 March 2008 because of the following reasons.

Firstly, the Group is now capable of manufacturing the more advance level of HDI PCB for mobile phone as required by the Group’s world-renowned telecommunication product customers. Given that the global sales of mobile phones for the year 2006 has reached over 1 billion units and HDI PCB of which there are not many capable manufacturers so far has become the main stream of PCB used for modern mobile phones nowadays, it is just a matter of time for the Group to increase its market share of HDI PCB.

Secondly, the unit selling price for the more advance level of HDI PCB for mobile phone is at least several times higher than that for the type of HDI PCB manufactured by the Group in the past due to the technical difficulties involved in the manufacture of the former. The production cost for the former, however, will increase by a lesser extent as compared to that for the latter. Given the same production volume, the sales value and the profit margins for manufacturing the former will be much higher than those for manufacturing the latter.

Thirdly, it is generally expected that the Chinese government will soon issue the third generation (“3G”) telecommunication licences to the service operators before the Olympic Games in Beijing in August 2008. The provision of 3G telecommunication services in the Mainland China will boost the huge demand for 3G mobile phones there and will stimulate the demand for HDI PCB indirectly. The Group will definitely benefit as a result because it sells HDI PCB to not only world-renowned telecommunication products customers but also original design manufacturers for mobile phone in the Mainland China now.

Fourthly, the product applications of HDI PCB are not merely restricted to mobile phone. The Group has succeeded in dealing with a famous Japanese digital camera manufacturer who will place several millions of Hong Kong dollars’ worth of monthly sales orders for HDI PCB with the Group from the last quarter of 2007 onwards. The Group is negotiating with other potential non-telecommunication product customers so as to broaden its customer base.

The Board recognizes the importance of sustainable development. The Group has embarked on various green manufacturing measures, ranging from the compliance of the European Union's directive on the Restriction of Hazardous Substances to adoption of energy-saving and water-recycling ideas. Being a responsible corporate citizen, the Group intends to contribute towards alleviating the magnitude of global warming on one hand and to achieve the reduction in the consumption of natural resources, which can lower the production cost on the other hand.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK3.0 cents per share for the year ended 31 March 2007. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting, the final dividend will be paid in cash on or about 17 September 2007 to shareholders whose names appear on the register of members of the Company on 7 September 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 September 2007 to 7 September 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited (to be renamed as Tricor Tengis Limited with effect from 1 August 2007), at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 4 September 2007.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2007, except for the following deviations:

Chairman and Chief Executive Officer

According to the Code Provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

The Company does not have a separate Chairman and CEO, and Mr. Chan Sik Ming, Harry currently holds both positions. The Board believes that vesting the roles of both Chairman and CEO in the same person ensures consistent leadership within the Group and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board believes that the balance of power and authority will not be impaired and is adequately ensured by an effective Board which comprises experienced and high calibre individuals with a sufficient number thereof being independent non-executive directors.

Non-executive directors

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term subject to re-election.

The independent non-executive directors of the Company do not have a specific term of appointment, but are subject to retirement by rotation and re-election in accordance with the relevant provisions of the Company's bye-laws.

Re-election of directors

Under the Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company is subject to a private act known as "The Juko Laboratories Holdings Limited Company Act 1990", which is an Act under the Company's former name of Juko Laboratories Holdings Limited when the Company was first established, the Chairman of the Company is not required to be subject to rotation in accordance with the bye-laws of the Company. However, in the spirit of good corporate governance practice, the existing Chairman of the Company, Mr. Chan Sik Ming, Harry has agreed to retire on a voluntary basis at least once every three years. He will also retire and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Audit Committee of the Company comprises the three Independent non-executive directors of the Company. It was established in compliance with the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the preliminary consolidated financial statements of the Group for the year ended 31 March 2007 and agreed with all the accounting treatments which have been adopted therein.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its code of conduct regarding the directors' securities transactions. The Company has made specific enquiries of all directors and all directors have confirmed that they have complied with the required standard set out in the Model Code.

SCOPE OF WORK PERFORMED BY ERNST & YOUNG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2007 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF FURTHER INFORMATION

The Company's Annual Report for the year ended 31 March 2007 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of the Stock Exchange and the Company's website in due course.

By Order of the Board
Chan Sik Ming, Harry
Chairman

Hong Kong, 16 July 2007

As at the date of this announcement, the Board comprises the following members:

Executive directors:
CHAN Sik Ming, Harry (Chairman & CEO)
Motofumi TSUMURA
Hiroto SASAKI
Hiroyuki KIKUCHI
AU-YEUNG Wai Hung

Independent non-executive directors:
Kohu KASHIWAGI
CHAN Yuk Tong
LI Chi Kwong