DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2010

The Board of Directors (the "Board") of Daisho Microline Holdings Limited (the "Company") presents the preliminary consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**348,192**	435,247
Cost of sales		**(302,074)**	(383,250)
Gross profit		**46,118**	51,997
Other income and gains		**7,956**	7,636
Selling and distribution costs		**(16,504)**	(30,334)
Administrative expenses		**(30,277)**	(30,579)
Other expenses		**(1,614)**	(2,003)
Impairment of items of property, plant & equipment	8	**(65,000)**	-
Fair value gains/(losses), net on:			
Other financial assets at fair value through profit or loss		**14,246**	(19,678)
Derivative financial instruments		**12,012**	(2,901)
Finance costs	5	**(2,096)**	(2,211)
LOSS BEFORE TAX	4	**(35,159)**	(28,073)
Income tax credit	6	**10,895**	8,009
LOSS FOR THE YEAR		**(24,264)**	(20,064)
Attributable to owners of the Company		**(24,264)**	(20,064)

CONSOLIDATED INCOME STATEMENT (continued)

		Year ended 31 March	
		2010	2009
	Note	***HK$'000***	*HK$'000*
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
- Basic		**HK(5.05) cents**	HK(4.18) cents
- Diluted		**N/A**	**N/A**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(24,264)**	(20,064)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operation	**5,456**	11,846
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**5,456**	11,846
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(18,808)**	(8,218)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 March 2010** *HK$'000*	31 March 2009 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	8	**249,796**	351,341
Prepaid land lease payments		**14,168**	4,403
Deposits paid for acquisition of items of property, plant and equipment		**2,806**	5,379
Deferred tax assets		**5,800**	-
Total non-current assets		**272,570**	361,123
CURRENT ASSETS			
Inventories		**30,176**	26,124
Trade debtors	9	**71,384**	33,143
Other financial assets at fair value through profit or loss		**59,328**	24,242
Derivative financial instruments		**3,415**	572
Sundry debtors, prepayments and deposits		**8,791**	7,464
Tax recoverable		**67**	67
Restricted bank balance		**-**	4,746
Pledged bank balance		**43,221**	-
Cash and cash equivalents		**111,374**	117,275
Total current assets		**327,756**	213,633
CURRENT LIABILITIES			
Trade creditors	10	**50,525**	34,316
Other creditors and accruals		**29,853**	23,366
Derivative financial instruments		**299**	10,757
Interest-bearing bank and other borrowings		**88,230**	29,406
Total current liabilities		**168,907**	97,845
NET CURRENT ASSETS		**158,849**	115,788
TOTAL ASSETS LESS CURRENT LIABILITIES		**431,419**	476,911
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,998**	23,587
Deferred tax liabilities		**200**	5,295
Total non-current liabilities		**2,198**	28,882
Net assets		**429,221**	448,029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	31 March 2010 *HK$'000*	31 March 2009 *HK$'000*
EQUITY		
Equity attributable to owners of the Company		
Issued share capital	**48,024**	48,024
Reserves	**381,197**	400,005
Total equity	**429,221**	448,029

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 include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) 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 other financial assets at fair value through profit or loss and derivative financial instruments, 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.

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 financial statements for the year ended 31 March 2009, except that the Group has adopted the new/revised HKFRSs which are effective for the current year's financial statements as detailed in note 2 below.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendatments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKFRS 8 Amendments*	Amendments to HKFRS 8 *Operating Segments: Disclosures – Information about segment assets* (early adopted)
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendments*	Amendments to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of the HKFRS 7 Amendments, HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 3.

The Group has early adopted in these financial statements the Amendments to HKFRS 8 issued in *Improvements to HKFRSs 2009* which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The principal effects of adopting these new and revised HKFRSs are as follows: (continued)

(c) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two 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.

For management purposes, the Group has only one reportable segment, which is the manufacturing and trading of printed circuit boards. Revenue and operating results are the two key indicators provided to the Group's chief operating decision maker to make decisions about resources allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Mainland China	**217,080**	264,247
Hong Kong (place of domicile)	**54,316**	86,666
Japan	**50,692**	67,151
Europe	**10,218**	5,741
Others	**15,886**	11,442
	348,192	435,247

The revenue information above is based on the location of the customers.

(b) Non-current assets

	31 March	31 March
	2010	2009
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**977**	1,112
Mainland China *	**265,793**	360,011
	266,770	361,123

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

* An impairment loss of HK$65 million was recognised on the machinery and equipment located in Mainland China during the year, further details are set out in note 8.

3. REVENUE (continued)

Information about a major customer

Revenue of approximately HK$50,659,000 (2009: HK$67,126,000) was derived from sales of printed circuit boards to a subsidiary of Daisho Denshi Co., Ltd., a substantial shareholder of the Company who has significant influence over the Group.

4. LOSS BEFORE TAX

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

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Gain on disposal of scrap materials	**(2,831)**	(5,137)
Bank interest income	**(1,172)**	(1,305)
Investment income	**(426)**	(752)
Dividend income from listed equity investments	**(2,329)**	(408)
Loss/(gain) on disposal of items of property, plant and equipment	**(74)**	136
Cost of inventories sold	**306,641**	379,775
Depreciation	**46,954**	46,505
Foreign exchange differences, net	**432**	2,843

5. FINANCE COSTS

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**2,080**	1,576
Finance lease and hire purchase contract payables	**16**	635
Total interest expense on financial liabilities not at fair value through profit or loss	**2,096**	2,211

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year. In last year, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for PRC profits tax has been made as the Group did not generate any assessable profits arising in Mainland China during the year (2009: Nil).

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**-**	1,600
Overprovision in prior years	**-**	(5,825)
Deferred	**(10,895)**	(3,784)
Total tax credit for the year	**(10,895)**	(8,009)

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss 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 diluted loss per share for the year ended 31 March 2009 and 2010 has not been presented as the conversion of outstanding share options would have an anti-dilutive effect on the basic loss per share for the year.

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

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(24,264)**	(20,064)
	Number of shares	*Number of shares*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**480,243,785**	480,243,785
Effect of dilution – weighted average number of ordinary shares:		
Share options	**-**	-
	480,243,785	480,243,785

8. PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Purchase of property, plant and equipment for the year	**6,171**	10,831

Impairment loss

The carrying amount of the net assets of the Group exceeded its market capitalisation to a great extent throughout the year ended 31 March 2010. The purchase cost of major raw material items used for the manufacture of printed circuit boards and the production overheads cost such as labour cost, etc. kept on increasing throughout the year ended 31 March 2010 but the Group could not entirely shift these cost burden to the customers at ease, which in turn reduced the economic benefit generated from the Group's assets.

The directors considered that the existence of the above conditions indicated that non-current assets of the Group may be impaired. In view of this, the directors estimated the recoverable amount of the cash-generating unit by comparing the higher of the fair value less costs to sell and the value in use of the cash-generating unit based on the valuation report prepared by an independent professional valuer. The cash-generating unit consisted of the Group's PCB manufacturing facility, which composed of land use rights and buildings, leasehold improvement, machinery and equipment, furniture and fixtures, computers and software.

The estimates of the recoverable amount of the cash-generating unit were determined based on a value in use calculation using cash flow projections based on the five-year financial forecast approved by the directors. Cash flows beyond the five-year period had been extrapolated through to the end of the fiscal year in March 2020 to cover the remaining useful lives of related non-current assets.

Key assumptions used for the value in use calculation:
Sales volume growth rate: 5% - 38%
Gross profit margin rate: 1% - 13%
Discount rate: 13.5%

The directors determined the sales volume growth rate and gross profit margin rate based on the expectation of future market development.

The directors concluded that it is appropriate to recognise an impairment losses of HK$65 million against the machinery and equipment as at 31 March 2010.

9. TRADE DEBTORS

	31 March 2010	31 March 2009
	HK$'000	*HK$'000*
Trade debtors	**74,064**	34,943
Impairment	**(2,680)**	(1,800)
	71,384	33,143

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. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its debtors with outstanding balance in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, the Group had certain concentration of credit risk. Trade debtors are non-interest-bearing.

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

	31 March 2010	31 March 2009
	HK$'000	*HK$'000*
Current to 1 month	**68,068**	28,888
1 to 2 months	**1,572**	2,416
2 to 3 months	**674**	322
Over 3 months	**3,750**	3,317
	74,064	34,943

9. TRADE DEBTORS (continued)

The movements in the provision for impairment of trade debtors are as follows:

	2010	2009
	HK$'000	*HK$'000*
At 1 April	**1,800**	3,000
Impaired loss recognised	**880**	320
Reversal of impairment loss	**-**	(1,520)
At 31 March	**2,680**	1,800

The individually impaired trade debtors with an aggregate carrying amount of HK$2,680,000 (2009: HK$1,800,000) relates to customers that were in default of payments and the amounts are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade debtors that are not considered to be impaired is as follows:

	31 March	31 March
	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	**51,751**	26,606
Less than 1 month past due	**16,317**	2,282
1 to 2 months past due	**1,572**	2,416
2 to 3 months past due	**674**	322
Over 3 months past due	**1,070**	1,517
	71,384	33,143

Debtors that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Debtors that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

9. TRADE DEBTORS (continued)

Included in the Group's trade debtors are a receivable of HK$8,905,000 (2009: HK$4,159,000) due from a related party, which is a subsidiary of a substantial shareholder of the Company, arising from trading of printed circuit boards, which is repayable in accordance with the credit terms granted to the related party.

10. TRADE CREDITORS

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

	31 March 2010	31 March 2009
	HK$'000	*HK$'000*
Current to 1 month	**45,218**	30,979
1 to 2 months	**3,521**	1,748
2 to 3 months	**231**	271
Over 3 months	**1,555**	1,318
	50,525	34,316

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

11. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	31 March 2010	31 March 2009
	HK$'000	*HK$'000*
Capital commitments, contracted but not provided for, in respect of acquisition of items of property, plant and equipment	**914**	3,518

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue for the current year was about HK$348 million, down 20% from last year. The Group's net loss after tax for the current year was about HK$24 million while the net loss for last year was about HKD20 million. The decrease in the Group's revenue was mainly caused by the decrease in the average selling price for the Group's printed circuit boards ("PCB"). The Group's PCB average selling price for non high density inter-connect ("HDI") PCB and HDI PCB for the current year decreased by 3% and 18% respectively as compared to the last year.

The Group's gross profit margin increased from 12% in last year to 13% in current year. Despite the decrease in the Group's PCB average selling price as mentioned above, the Group's gross profit margin for the current year increased by about 1% through the negotiation with suppliers to reduce the purchase price of almost all major raw material items and implementation of various cost savings measures during the current year.

Furthermore, the fair value gain of listed equity investments and equity contracts for the current year was about HK$26 million, due to the sharp recovery of the Hong Kong stock market since April 2009.

The carrying amount of the net assets of the Group exceeded its market capitalisation to a great extent throughout the year ended 31 March 2010. The purchase cost of major raw material items used for the manufacture of printed circuit boards and the production overheads cost such as labour cost, etc. kept on increasing throughout the year ended 31 March 2010 but the Group could not entirely shift these cost burden to the customers at ease, which in turn reduced the economic benefit generated from the Group's assets. The directors considered that the existence of the above conditions indicated that non-current assets of the Group may be impaired. In view of this, the directors estimated the recoverable amount of the cash-generating unit based on the valuation report prepared by an independent professional valuer. The directors concluded that it is appropriate to recognise an impairment losses of HK$65 million against the machinery and equipment as at 31 March 2010. The impairment loss on the Group's plant and equipment does not have any effect on the Group's cashflow.

FINANCIAL REVIEW

The Group's gearing ratios (defined as net debt divided by capital plus net debt) at 31 March 2010 was 3.6% (*31 March 2009: not applicable*). The Group's current ratios at 31 March 2010 and 31 March 2009 were 1.94 times and 2.18 times respectively. The Group's PCB operations generated net cash inflow of about HK$6 million during the current year.

FINANCIAL REVIEW (continued)

As at 31 March 2010, the Group's interest-bearing bank and other borrowings amounting to HK$90,228,000 (*31 March 2009: HK52,993,000*) out of which HK$88,230,000 (*31 March 2009: HK$29,406,000*) were repayable within the next 12 months. These borrowings were all denominated in either Hong Kong dollars or United States dollars and subjected to floating interest rates. Except for the bank borrowings as at 31 March 2010 amounting to HK77,081,000 *(31 March 2009: HK3,615,000)* which were originally repayable within 3 months, the remaining amount of these borrowings were originally repayable monthly over 3 years. The Group has not adopted any interest rate hedging tool for these borrowings. As at 31 March 2009, certain machinery and equipment of the Group with an aggregate net book value of HK38,572,000 (*2010: nil)* were pledged to secure these borrowings.

As at 31 March 2010, the total banking facilities available to the Group were approximately HK$250 million, of which HK$90 million were utilised, and the cash and cash equivalents were HK$111 million. Accordingly, the Group is capable of financing its operation by its own internal resources and available banking facilities.

As at 31 March 2010, the Group's assets and liabilities were mostly denominated in either HK$, US$ or 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$. However, the Group made use of foreign exchange forward contracts during the current year to mitigate the effect on the increase of operating expenses to be paid in RMB due to the expected appreciation of RMB.

EMPLOYEE BENEFITS

As at 31 March 2010, the Group had 1,190 (*31 March 2009: 1,179*) employees, including directors, working mainly in Mainland China. For the year ended 31 March 2010, the Group's total staff costs including directors' remuneration were HK$43,526,000 (*2009: HK$47,726,000*).

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.

EMPLOYEE BENEFITS (continued)

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 telecommunication service providers in the Mainland China have begun to provide the third generation ("3G") telecommunication services in the number of cities. Although the 3G telecommunication services may take some time to become popular, it is generally expected that more 3G mobile phones will be launched soon in the Mainland China and the demand for HDI PCB will be stimulated accordingly. The Group will benefit because it has strong track record of selling HDI PCB to not only world-renowned telecommunication products customers but also Mainland China ODM of mobile phone.

The product applications of HDI PCB are not merely restricted to mobile phone. Through the strategic alliance with Daisho Denshi Co., Ltd. (one of the top manufacturers of highly delicate PCB in Japan and one of the Company's substantial shareholders), more Japanese customers requiring quality and highly delicate PCB will be introduced to the Group.

Although the global economy is expected to rebound in 2010, the Group is still aware that the operating environment of the Group is challenging in the coming year due to the keen competition in the PCB industry. However, the Group will continue to implement more cost savings measures and improve the production efficiency in order to maintain its competitive advantage. Although the road ahead may be full of challenges, the Group as equipped with healthy financial position and ample experience in the manufacture of highly delicate PCB is ready to confront these challenges.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: Nil).

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 2010, 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.

According to the Company's 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.

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

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

REVIEW OF FINANCIAL STATEMENTS

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 consolidated financial statements of the Group for the year ended 31 March 2010 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 2010 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft 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 ANNUAL REPORT

The Company's Annual Report for the year ended 31 March 2010 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 at "www.hkexnews.hk" and the Company's website at "www.irasia.com/listco/hk/daisho" in due course.

By Order of the Board
Chan Sik Ming, Harry
Chairman

Hong Kong, 20 July 2010

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