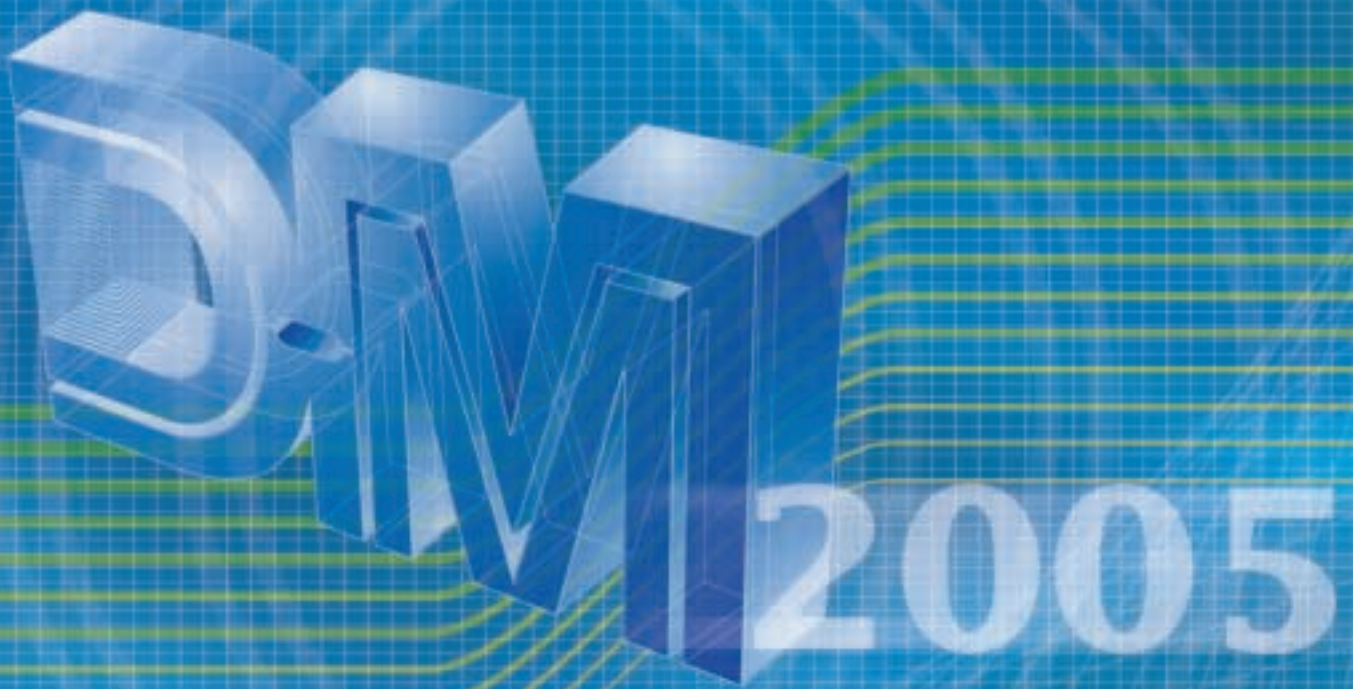




DAISHO MICROLINE HOLDINGS LIMITED

大昌微綫集團有限公司



ANNUAL REPORT 2005
二 零 零 五 年 年 報

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive directors

Chan Sik Ming, Harry (*Chairman*)

Lo Sun Wah

Motofumi Tsumura

Hiroto Sasaki

Hiroyuki Kikuchi

Au-Yeung Wai Hung

Independent non-executive directors

Taro Akashi

Kohu Kashiwagi

Chan Yuk Tong

COMPANY SECRETARY

Au-Yeung Wai Hung

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

DBS Bank (Hong Kong) Limited

AUDITORS

Ernst & Young

LEGAL ADVISERS IN HONG KONG

Woo, Kwan, Lee and Lo

LEGAL ADVISERS IN BERMUDA

Appleby Spurling Hunter

董事會成員

執行董事

陳錫明 (主席)

勞新華

津村元史

佐佐木弘人

菊地弘之

歐陽偉洪

獨立非執行董事

明石太郎

柏木紘宇

陳育棠

公司秘書

歐陽偉洪

主要往來銀行

匯豐銀行

渣打銀行 (香港) 有限公司

星展銀行 (香港) 有限公司

核數師

安永會計師事務所

香港之法律顧問

胡關李羅律師行

百慕達之法律顧問

Appleby Spurling Hunter

CORPORATE INFORMATION *(Continued)*

公司資料 (續)

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units B12-16, 3rd Floor, Block B
Hoplite Industrial Centre
3-5 Wang Tai Road
Kowloon Bay
Hong Kong

PRINCIPAL REGISTRAR

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke
Bermuda

BRANCH REGISTRAR IN HONG KONG

Tengis Limited
Ground Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

註冊辦事處

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

總辦事處及主要營業地點

香港
九龍
九龍灣宏泰道3-5號
合力工業中心
B座3樓B12-16室

主要股份過戶登記處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke
Bermuda

香港之股份過戶登記分處

登捷時有限公司
香港
灣仔
告士打道56號
東亞銀行港灣中心
地下

NOTICE OF ANNUAL GENERAL MEETING

股東週年大會通告

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at Units B12-16, 3/F., Block B, Hoplite Industrial Centre, 3-5 Wang Tai Road, Kowloon Bay, Hong Kong on Tuesday, 23 August 2005 at 10:30 a.m. for the following purposes:-

1. To receive and adopt the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2005.
2. To re-elect four directors, to fix the number of directors to twelve and to authorise the Board of Directors to fix the remuneration of the directors.
3. To appoint Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.
4. As special business to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:-

ORDINARY RESOLUTION

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

茲通告本公司定於二零零五年八月二十三日（星期二）上午十時三十分假座香港九龍灣宏泰道3-5號合力工業中心B座3樓B12-16室召開股東週年大會，討論以下事項：-

- 一、省覽及通過截至二零零五年三月三十一日止年度之經審核財務報告與董事會及核數師報告書。
- 二、重選四位董事，固定董事人數為十二位，並授權董事會釐定董事酬金。
- 三、委聘下年度核數師並授權董事會釐定其酬金。
- 四、作為特別事項，考慮並如認為適當即通過或經修訂後通過下列決議案為普通決議案：

普通決議案

「**動議：**

- (甲) 在下文(丙)段之限制下，一般性及無條件批准董事會於有關期間（定義見下文）內行使本公司全部權力，以便配發、發行本公司股本中每股面值港幣0.10元之股份，並作出或授予將會或可能需行使該項權力之售股建議、協議及期權（包括債券、認股權證及債權證、票據及任何附帶可認購或可轉換為本公司股份之權利之證券）；
- (乙) 在上文(甲)段所述之批准將授權董事會於有關期間（定義見下文）內作出或授予將會或可能需於有關期間終結後行使該項權力之售股建議、協議及期權（包括債券、認股權證及債權證、票據及任何附帶可認購或可轉換為本公司股份之權利之證券）；

NOTICE OF ANNUAL GENERAL MEETING (Continued)**股東週年大會通告** (續)

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends in accordance with the bye-laws of the Company from time to time; or (iii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any bonds, warrants, debenture, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company; or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or arrangement or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:-

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors to the holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements

- (丙) 除根據(i)配售新股(定義見下文)、(ii)不時依照本公司之公司細則就以股代息計劃發行之股份;或(iii)任何債券、認股權證、債權證、票據及任何附帶可認購或可轉換為本公司股份之權利之證券條款而行使之認購權或換股權發行之股份;或(iv)任何當時被採納以便根據有關計劃或安排指定之方式向承授人授出或發行本公司股份或購入股份之權利之期權計劃或類似安排發行之股份外,董事會根據上文(甲)段之批准而配發或同意有條件或無條件配發(不論根據期權或以其他方式)及發行之股本面值總額,不得超過本公司於本決議案通過日期之已發行股本面值總額百分之二十,而此項批准將受到相應限制;及

- (丁) 就本決議案而言:「有關期間」指由本決議案通過之日起至下列較早日期為止之期間:

- (i) 本公司下屆股東週年大會結束時;或
- (ii) 按本公司之公司細則或任何適用法例規定本公司召開下屆股東週年大會之期限屆滿時;或
- (iii) 本公司股東於股東大會通過普通決議案撤回或修訂本決議案所載之授權之日。

「配售新股」指董事會於指定期間向本公司股東名冊內於指定記錄日期所登記之本公司股份持有人按其當日之持股比例建議配售股份(惟董事會有權就零碎股份,或適用於本公司之任何

NOTICE OF ANNUAL GENERAL MEETING (Continued)

股東週年大會通告 (續)

as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

By Order of the Board
Chan Sik Ming, Harry
Chairman

承董事會命
 主席
陳錫明

Hong Kong, 22 July 2005

香港，二零零五年七月二十二日

Notes:

附註：

- Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the Company's branch registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the meeting if the member so wishes.
- The register of members will be closed from 22 August 2005 to 23 August 2005, both dates inclusive, during which period no transfer of shares will be effected.
- With regard to item No.2 in the notice convening this meeting, the Board proposes that the retiring directors, namely Motofumi Tsumura, Hiroto Sasaki, Taro Akashi and Chan Yuk Tong, be re-elected as directors of the Company. The biographical information of the said retiring directors seeking re-election are set out in the Company's Annual Report for the year ended 31 March 2005. Except for Hiroto Sasaki who is the President of Daisho Denshi Co., Ltd (a substantial shareholder of the Company), these directors are not related to any directors, senior management or substantial shareholders or controlling shareholders of the Company. Except for Chan Yuk Tong who is an independent non-executive director of two other listed companies in Hong Kong, these directors have not held any other positions in other listed public companies in the past three years. Except for Taro Akashi and Chan Yuk Tong who are entitled to a fixed director fee of HK\$20,000 per annum and HK\$8,333 per month respectively under their service contracts with the Company, there is no service contract entered into between the Company and these directors who will be entitled
- 凡有權出席大會及於會上投票之股東均可委派一位或多位代表出席，並於按股數表決時代其投票，受委派之代表毋須為本公司股東。
- 代表委任表格連同簽署人之授權書或其他授權文件（如有）或經公證人簽署證明之授權書或授權文件副本，須於大會或其任何續會指定召開時間不少於四十八小時前送達本公司在香港之股份過戶登記分處登捷時有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下，方為有效。填妥及交回代表委任表格後，股東仍可依願親身出席大會並於會上投票。
- 本公司之股份過戶登記分處將由二零零五年八月二十二日至二零零五年八月二十三日（包括首尾兩天）期間暫停辦理股份過戶手續，在此期間內，股份不能過戶。
- 關於召開本大會通告之第二項議程，董事會建議重選各退任之董事（即津村元史、佐佐木弘人、明石太郎及陳育棠）為本公司董事。上述退任董事之履歷已載於本公司截至二零零五年三月三十一日止年度之年報內。除佐佐木弘人為本公司之主要股東大昌電子株式會社之社長外，此等董事與本公司之任何董事、高層管理人員、主要股東或控股股東概無關連。除陳育棠為另外兩間香港上市公司之獨立非執行董事外，此等董事於過去三年概無在其他公眾上市公司擔任其他職位。除明石太郎及陳育棠有權根據與本公司簽訂的服務合約獲得固定的董事酬金分別為每年港幣20,000元及每月港幣8,333元外，本公司並無與此等董事訂立任何服務合約，此等董事有權獲得由董事會參考其工作表現及職責、本公司之業績及盈利水平以及現行

NOTICE OF ANNUAL GENERAL MEETING (Continued)

股東週年大會通告 (續)

to an emolument as determined by the Board from time to time with reference to their performance and duties, the Company's performance and profitability and the prevailing market conditions. These directors will have no fixed term of service but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the bye-laws of the Company. As at the date of this notice of the annual general meeting, except for Hiroto Sasaki who has share options to subscribe for 4,600,000 shares of the Company, these directors have no interests in the shares of the Company within the meaning of Part XV of the Securities and Future Ordinance.

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

市場情況而不時釐定之酬金。此等董事並無固定任期，但須根據本公司之公司細則，於股東週年大會上輪值告退及重選連任。於本股東週年大會通告日期，除佐佐木弘人擁有可認購本公司4,600,000股之股份期權外，此等董事並無擁有按證券及期貨條例第XV部之涵義內之任何股份權益。

於本通告日期，董事會包括六位執行董事，即陳錫明、勞新華、津村元史、佐佐木弘人、菊地弘之及歐陽偉洪，與及三名獨立非執行董事，即明石太郎、柏木絃宇及陳育棠。

MANAGEMENT DISCUSSION AND ANALYSIS

管理階層之討論及分析

BUSINESS REVIEW

The total turnover of printed circuit boards ("PCB") for the current year was about 7% higher than that for last year. The sales value of multi-layer PCB as a percentage of total turnover for the current year was about 77% while that for last year was about 62% only.

The Group confronted a difficult operating environment during the first three quarters of the current year and the average gross profit percentage for that period was just 10% which was about 4% lower than that for last year. The operating performance for that period was not satisfactory as a result of both the dramatic increase in our purchase prices of certain major raw material items and the weak demand for PCB from the Group's telecommunication products customers. Yet, thanks to the substantial orders for delicate PCB and the gradual improvement in the operating environment commencing from December 2004 onwards, the Group's previous investment in advanced machinery for the manufacture of delicate PCB has begun to bear fruit. The average gross profit percentage for the last quarter of the current year reached 20%.

The big rise in our purchase prices of certain major raw material items in the manufacture of PCB during the first three quarters of the current year was related primarily to the mismatch in the worldwide demand and supply for non-ferrous metals to which the Group could exert no influence. For example, because of the worldwide huge demand for copper, our average purchase price of copper foil during the first half of the current year increased by about 27% as compared to that in the last corresponding period. And because of the worldwide shortage in the supply of fibre-glass, our purchase prices of certain laminates and prepreg in September 2004 were almost 40% and 27% respectively higher than in April 2004. Given the frequency and the extent of the increment in our purchase prices of these major raw material items, the Group could hardly pass this burden wholly to the customers immediately especially in light of the weak demand for PCB. Hence, the Group inevitably suffered from temporary deterioration in profitability during that period.

業務回顧

本年度綫路板的總營業額比對去年度增加約7%；而本年度多層綫路板的銷售價值佔總營業額約77%，去年度有關比率只約為62%。

本集團在本年度首三個季度內面對艱苦的經營環境，該段期間的平均毛利率只有約10%，比對去年度全年的平均毛利率減少約4%。該段期間的經營表現並不理想，原因是若干主要原材料的採購價急漲及本集團電子通訊產品客戶對綫路板的需求疲弱。然而從二零零四年十二月起，由於大量精密綫路板的訂單及經營環境逐步地改善，本集團前期投資於製造精密綫路板的先進機器已開始有成果，本年度最後一個季度的平均毛利率已達至20%。

在本年度首三個季度內若干製造綫路板用的主要原材料的採購價多次大幅上升，主要的原因是與全球對有色金屬的供求錯配有關，而本集團在這方面不可能施予任何影響力。例如，由於全球對銅的巨大需求，銅箔的平均採購價在本年度上半年期間內比對其在去年度同期內增加約27%；而由於全球玻璃纖維的供應出現短缺，若干敷銅板及固化片在二零零四年九月的採購價高於該等原材料在二零零四年四月的採購價分別為約40%及27%。由於本集團不可能即時全數將此等主要原材料頻密及巨大的採購價加幅轉嫁至客戶（尤其在面對疲弱的綫路板需求之時），故此本集團在該段期間內無可避免地承受短暫變差的盈利能力。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理階層之討論及分析 (續)

The turning point for the Group's operating performance occurred in December 2004 when some customers began to place substantial orders for delicate PCB. Equipped with advanced machinery and production know-how, the Group has been ready to manufacture delicate PCB for some time. But without any substantial orders for delicate PCB, it will be quite risky to invest further in advanced machinery for the purpose of upgrading the Group's PCB production capacity and capability. The substantial orders for delicate PCB was a catalyst in the evolution of the Group. The Group has begun to invest further in advanced machinery since December 2004 and the Group has been more capable of meeting the customers' continuously stringent requirements. At the same time, the Group has been in a better position to negotiate our purchase prices of both raw material items and machinery with the suppliers in light of the increase in the volume of our orders.

FINANCIAL REVIEW

As at 31 March 2005, the Group's gearing ratio (i.e. the ratio of total liabilities to shareholders' fund) was 0.98 times (2004: 0.64 times) while the Group's current ratio was 1.04 times (2004: 1.11 times). The higher gearing ratio and the lower current ratio at current year end were resulted primarily from the current year addition of about HK\$30 million worth of machinery and equipment, over half of which was acquired by means of finance leases. Because the Group can generate substantial net cash inflow from its PCB operating activities, these financial ratios will improve during the year ahead.

As at 31 March 2005, the Group's aggregate outstanding balances of the finance lease and hire purchase contract payables, other loans and bank loans amounting to HK\$35,944,000 (2004: HK\$18,479,000) out of which HK\$20,310,000 (2004: HK\$9,534,000) is repayable within the next 12 months. The bank loans of HK\$8,120,000 (2004: Nil) were all required to be settled in United States dollars, repayable within 3 months and subject to floating interest rates. Other borrowings were all required to be settled in Hong Kong dollars, originally repayable monthly over 3 years and mostly subject to floating interest rates. The Group does not adopt any interest rate hedging tool for all these borrowings. Certain machinery and equipment of the Group with a net book value as at 31 March 2005 of HK\$28,484,000 (2004: HK\$45,708,000) were pledged to secure these borrowings.

本集團經營表現的轉捩點發生於二零零四年十二月，當時一些客戶開始發出大量精密綫路板的訂單。具備了先進機器及生產技術秘訣的情況下，本集團已有相當一段時間準備就緒製造精密的綫路板。然而，在沒有大量精密綫路板訂單的配合前，貿然進一步投資先進的機器以提升本集團生產綫路板的能力將會是十分冒險的舉措。大量精密綫路板的訂單正是本集團演進過程中的催化劑，本集團從二零零四年十二月起已開始進一步投資先進的機器，而本集團已經更能滿足客戶持續不斷的嚴格要求。同時，在採購量增加的情況下，本集團已處於更有利的位置與原材料及機器供應商商討有關的採購價。

財務回顧

於二零零五年三月三十一日，本集團的負債與資本比率（即總負債與股東權益的比率）為0.98倍（二零零四年：0.64倍）；而本集團的流動比率為1.04倍（二零零四年：1.11倍）。於本年度末較高的負債與資本比率及較低的流動比率主要源自本年度增加的機器及設備約港幣三千萬元，當中起過一半以融資租約方式添置。因為本集團能夠從其綫路板的經營活動中產生顯著的淨現金流入，故這些財務比率於來年內將會有所改善。

於二零零五年三月三十一日，本集團的應付融資租約及租購合同、其他貸款及銀行貸款的總結欠為港幣35,944,000元（二零零四年：港幣18,479,000元），當中港幣20,310,000元（二零零四年：港幣9,534,000元）需於未來十二個月內償還。銀行貸款港幣8,120,000元（二零零四年：無）全數需以美元結算，並於三個月內償還及以浮動息率計算利息。其他借貸全數需以港幣結算，最初訂明於三年期內每月償還及大部份以浮動息率計算利息。本集團並無因應上述借貸採用任何利率對沖工具。本集團於二零零五年三月三十一日賬面淨值為港幣28,484,000元（二零零四年：港幣45,708,000元）的若干機器及設備已作為上述借貸的抵押品。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理階層之討論及分析 (續)

As at 31 March 2005, the Group's current assets and total liabilities were mostly required to be settled in either Hong Kong dollars or United States dollars. Hence, the group's net exposure to fluctuation in exchange rates is insignificant and no foreign currency hedging tool is adopted.

EMPLOYEE BENEFITS

As at 31 March 2005, the Group has 1,169 (2004: 1,064) employees, including directors, working mainly in Mainland China. For the year ended 31 March 2005, the Group's total staff costs including directors' remuneration were HK\$24,667,000 (2004: HK\$24,456,000).

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

The Company operates a share option scheme for the purpose of encouraging the eligible participants to perform their best in achieving the goals of the Company and at the same time allow the eligible participants to enjoy the results of the Company attained through their effort and contribution. Eligible participants of the share option scheme include any full-time employees, directors or professional advisers of the Company or any of its subsidiaries or associated companies. The share option scheme became effective on 28 August 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

A total of 16,250,000 share options which represented approximately 3.5% of the Company's shares in issue at the date of grant were granted to certain directors and full-time employees of the Group on 15 June 2004. The exercise price and the exercise period of these share options are HK\$0.20 per share and from 15 June 2004 to 14 June 2009, respectively. The closing price of the Company's shares at the date of grant of these share options on 15 June 2004 was HK\$0.192 per share. As at 31 March 2005, all the 16,250,000 share options granted remained unexercised.

於二零零五年三月三十一日，本集團的流動資產及總負債大部份需以港幣或美元結算，故此，本集團因匯率波動而承受的風險並不重大，亦因此並無採用外匯對沖工具。

僱員福利

於二零零五年三月三十一日，本集團包括董事在內共有僱員1,169人（二零零四年：1,064人），大部份僱員皆在中國大陸工作。截至二零零五年三月三十一日止年度，本集團包括董事酬金在內的總員工成本為港幣24,667,000元（二零零四年：港幣24,456,000元）。

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

本公司設立一項股份期權計劃，藉以鼓勵合資格參與者盡其所能，達成本公司的目標，並同時讓合資格參與者享受彼等之努力及貢獻為本公司帶來之成果。合資格參與者包括本公司或其任何附屬或聯營公司的任何全職僱員、董事或專業顧問。股份期權計劃於二零零三年八月二十八日生效，並除非另被註銷或經修訂，將由該日起計十年內一直有效。

在二零零四年六月十五日，本集團的一些董事及全職僱員獲授予合共16,250,000份股份期權，約佔本公司於授予日期已發行股份的3.5%。有關股份期權的行使價及行使期分別為每股港幣0.2元及由二零零四年六月十五日起至二零零九年六月十四日止。於二零零四年六月十五日授予該等股份期權當日，本公司每股股份的收市價為港幣0.192元。於二零零五年三月三十一日，全數16,250,000份授予的股份期權尚未被行使。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理階層之討論及分析 (續)

OUTLOOK

The year 2004 was definitely a difficult year for the Group but the Group had weathered the difficult period. The beginning of the year 2005 is a good starting point for the Group as the substantial orders for delicate PCB have persisted and the operating results of the Group has turned around since January 2005. Although the year ahead looks promising, the Board is wary of the challenging factors which may impact the Group.

As mentioned before, the Group could exert no influence to any mismatch in the worldwide demand and supply of non-ferrous metals used in the manufacture of our major raw material items. If there is any such mismatch which will drive up our purchase prices of major raw material items steeply and the Group cannot shift the burden wholly to the customers, the Group will suffer as in current year.

Besides, the Group is currently quite heavily relying on its telecommunication products customers from whom about 70% of the total turnover is generated. Although the business of these customers is still quite robust for the moment, there is no guarantee that the same will apply in next year. In light of this, the Board intends to further broaden the customer base of the Group after upgrading the production capacity so as to alleviate the impact which may result from relying too much on particular type of customer.

The petroleum price is standing at an unprecedentedly high level. The interest rates for United States dollars and Hong Kong dollars are rising and the Renminbi currency is likely to appreciate in the near future. Although these events may not increase the operating costs of the Group to a great extent, they may hinder the growth of the world economy and the business of the Group may be adversely affected accordingly.

In spite of the above concern, the Board is confident that the Group will show a more healthy picture in the year ahead.

前景

對本集團來說，二零零四年肯定是困難的一年，然而本集團已渡過這段艱苦時期；二零零五年開始是一個好的起點，從二零零五年一月起，大量精密綫路板的訂單仍然持續，而本集團的經營業績已轉虧為盈。雖然來年看似充滿希望，董事會對可能影響本集團的各種挑戰因素仍保持警惕。

如前文所述，本集團對用於製造主要原材料的有色金屬在全球供求錯配上不可能施予任何影響力。倘若任何類似的供求錯配導致主要原材料的採購價大幅漲價，而本集團不能將有關加幅全數轉嫁至客戶，本集團將如本年度一樣承受損失。

此外，本集團現時十分依賴其電子通訊產品客戶，有關客戶約佔總營業額的70%。雖然有關客戶現時的業務仍然表演充滿活力，但不能保證於明年此等情況仍然如是。為盡量減低因過份依賴某類客戶所帶來的影響，董事會計劃在提升生產能力後進一步擴闊本集團的客戶基礎。

石油價格現時正處於歷史高位，美元及港元的利率正在上升，而人民幣的匯率在不久將可能升值。雖然此等事宜可能不會大幅增加本集團的經營成本，但它們可能妨礙世界經濟的增長，並可能因此不利地影響本集團的業務。

雖然對以上的挑戰因素表示關注，董事會有信心本集團在來年將展現更健康的景象。

BIOGRAPHICAL INFORMATION OF DIRECTORS

董事履歷

EXECUTIVE DIRECTORS

Chan Sik Ming Harry, aged 51, has been an Executive Director of the Company since 1990. He is now the Chairman and the Chief Executive Officer of the Company responsible for the overall strategic planning for the Group. Mr. Chan graduated from the University of Hitotsubashi in Japan with a Bachelor of Arts Degree in Commerce in 1978. He has over 24 years' experience in the electronics industry.

Lo Sun Wah, aged 45, has been an Executive Director of the Company since 1997. Mr. Lo has over 22 years' experience in the manufacturing industry and 20 years of which is related to the manufacture of printed circuit boards ("PCB"). He has served the PCB division of the Group since 1991.

Motofumi Tsumura, aged 42, has been an Executive Director of the Company since October 1999. Mr. Tsumura graduated from the University of Seijo in Japan with Business Management degree in 1985. He has over 20 years' experience in the electronics industry.

Hiroto Sasaki, aged 65, has been an Executive Director of the Company since October 2001. Mr. Sasaki is the President of Daisho Denshi Co., Ltd., a substantial shareholder of the Company. He has over 33 years' experience in the manufacture of printed circuit boards.

Hiroyuki Kikuchi, aged 65, has been an Executive Director of the Company since November 2003. He has over 40 years' experience in the manufacture of printed circuit boards.

Au-Yeung Wai Hung, aged 38, has been an Executive Director of the Company since November 2003. He has been the Company Secretary and the Financial Controller of the Company since July 1996. Mr. Au-Yeung graduated from the Hong Kong Polytechnic in 1988 with a Professional Diploma in Accountancy. He also obtained a Bachelor of Arts Degree in Accountancy from the Hong Kong Polytechnic University in 1996 and a Master of Business degree in E-Commerce from the Curtin University of Technology in Australia in 2002. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has over 17 years' experience in areas related to accounting, auditing, taxation, company secretarial, financial management, personnel management and information technology management.

執行董事

陳錫明，51歲，自一九九零年起為本公司之執行董事，彼現時為本公司之主席及行政總裁，負責本集團之整體策略計劃事宜。陳先生在一九七八年畢業於日本一橋大學，持有商科文學士學位。彼在電子工業界具有超逾24年之經驗。

勞新華，45歲，自一九九七年起為本公司之執行董事。勞先生在製造業具有超逾22年之經驗，而其中20年專注於製造綫路板。勞先生自一九九一年起已替本集團之綫路板部門服務。

津村元史，42歲，自一九九九年十月起為本公司之執行董事。津村先生在一九八五年畢業於日本University of Seijo，持有商業管理學位。彼在電子工業界具有超逾20年之經驗。

佐佐木弘人，65歲，自二零零一年十月起為本公司之執行董事。佐佐木先生現為本公司之主要股東大昌電子株式會社之社長。彼在製造綫路板方面具有超逾33年之經驗。

菊地弘之，65歲，自二零零三年十一月起為本公司之執行董事。彼在製造綫路板方面具有超逾40年之經驗。

歐陽偉洪，38歲，自二零零三年十一月起為本公司之執行董事。彼自一九九六年七月起為本公司之公司秘書及財務總監。彼於一九八八年畢業於香港理工學院，持有專業會計文憑。彼亦於一九九六年於香港理工大學獲得會計文學士學位，並於二零零二年於澳洲Curtin University of Technology獲得電子商貿工商碩士學位。歐陽先生乃香港會計師公會及英國特許公認會計師公會之會員。彼於會計、審計、稅務、公司秘書服務、財務管理、人事管理及資訊科技管理方面具有超逾17年之經驗。

BIOGRAPHICAL INFORMATION OF DIRECTORS (Continued)

董事履歷 (續)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Taro Akashi, aged 64, has been an Independent Non-Executive Director of the Company since 1996. Mr. Akashi has over 32 years' experience in the manufacturing and trading of audio and video products.

Kohu Kashiwagi, aged 65, has been an Independent Non-Executive Director of the Company since 1996. Mr. Kashiwagi has over 35 years' experience in the electronics industry.

Chan Yuk Tong, aged 43, has been an Independent Non-Executive Director of the Company since September 2004. He has around 20 years of experience in auditing, accounting, management consultancy and financial advisory services. Mr. Chan is a shareholder and a director of a CPA firm and a financial consulting firm in Hong Kong. He is also acting as an independent non-executive director of two other listed companies in Hong Kong, namely Luks Industrial (Group) Limited and Kam Hing International Holdings Limited. He holds a Bachelor's degree in Commerce from the University of Newcastle in Australia. Mr. Chan is also a practicing fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

獨立非執行董事

明石太郎，64歲，自一九九六年起為本公司之獨立非執行董事。明石先生在影音產品製造及銷售方面具有超過32年之經驗。

柏木紘宇，65歲，自一九九六年起為本公司之獨立非執行董事。柏木先生在電子工業界具有超過35年之經驗。

陳育棠，43歲，自二零零四年九月起為本公司之獨立非執行董事。彼在審計、會計、管理顧問及財務諮詢服務方面具有約20年之經驗。陳先生現為一間會計師事務所及一間財務顧問公司之股東及董事。彼亦為另外兩間香港上市公司（即陸氏實業（集團）有限公司及錦興國際控股有限公司）之獨立非執行董事。彼持有澳洲紐卡素大學商業學士學位。陳先生亦是香港會計師公會執業資深會員及澳洲會計師公會會員。

REPORT OF THE DIRECTORS 董事會報告書

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2005.

CHANGE OF COMPANY NAME

Pursuant to a resolution passed at the annual general meeting of the Company held on 24 August 2004 and approved by the Registrars of Companies of Bermuda and Hong Kong, the name of the Company was changed from Suwa International Holdings Limited to Daisho Microline Holdings Limited with effect from 1 September 2004.

The Chinese translation of the Company name for identification purposes was changed from 秀華國際集團有限公司 to 大昌微綫集團有限公司.

PRINCIPAL ACTIVITIES

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

RESULTS

The Group's loss for the year ended 31 March 2005 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 26 to 68.

董事會提呈本公司及本集團截至二零零五年三月三十一日止年度之董事會報告書及經審核財務報告。

更改公司名稱

根據在二零零四年八月二十四日股東週年大會上通過之決議案及百慕達與及香港公司註冊處之批准，本公司之名稱由「Suwa International Holdings Limited」更改為「Daisho Microline Holdings Limited」，並於二零零四年九月一日起生效。

而本公司亦採納新中文名稱「大昌微綫集團有限公司」，取代舊名稱「秀華國際集團有限公司」，以資識別。

主要業務

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

業績

本集團截至二零零五年三月三十一日止年度之虧損與本公司及本集團於該日之財務狀況載於第26至68頁之財務報告。

REPORT OF THE DIRECTORS (Continued)**董事會報告書** (續)**SUMMARY FINANCIAL INFORMATION****財務資料概要**

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

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

		Year ended 31 March 截至三月三十一日止年度				
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2001 二零零一年 HK\$'000 港幣千元
RESULTS	業績					
TURNOVER	營業額	258,237	241,666	237,840	181,511	170,729
PROFIT/(LOSS) BEFORE TAX	除稅前溢利／ (虧損)	(14,265)	(5,452)	3,315	(25,505)	(12,765)
Tax	稅項	—	—	—	—	2,796
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	股東應佔純利／ (虧損淨額)	(14,265)	(5,452)	3,315	(25,505)	(9,969)
		At 31 March 於三月三十一日				
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元	2002 二零零二年 HK\$'000 港幣千元	2001 二零零一年 HK\$'000 港幣千元
ASSETS AND LIABILITIES	資產及負債					
Non-current assets	非流動資產	135,745	139,053	153,620	183,734	115,959
Current assets	流動資產	111,374	88,615	109,276	78,440	113,612
TOTAL ASSETS	總資產	247,119	227,668	262,896	262,174	229,571
Current liabilities	流動負債	106,935	80,082	114,480	96,832	58,034
Non-current liabilities	非流動負債	15,634	8,945	4,184	23,923	8,023
TOTAL LIABILITIES	總負債	122,569	89,027	118,664	120,755	66,057
		124,550	138,641	144,232	141,419	163,514

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

FIXED ASSETS

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

SHARE CAPITAL AND SHARE OPTIONS

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

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

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

DISTRIBUTABLE RESERVES

At 31 March 2005, the Company's reserves available for cash distribution and distribution in specie were HK\$13,317,000 (2004: HK\$13,297,000). In addition, the Company's share premium account in the amount of HK\$90,038,000 (2004: HK\$90,038,000) may be distributed in the form of fully paid bonus shares.

固定資產

本集團固定資產之變動詳情，載於財務報告附註12。

股本及股份期權

本公司法定及已發行股本於本年度內並無變動。

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

優先購買權

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

購回、出售或贖回本公司上市證券

本年度內，本公司或其任何附屬公司概無購回、出售或贖回本公司之上市證券。

儲備

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

可分派儲備

於二零零五年三月三十一日，本公司可作現金及實物分派之儲備為港幣13,317,000元（二零零四年：港幣13,297,000元）。此外，本公司之股份溢價賬數額港幣90,038,000元（二零零四年：港幣90,038,000元）可以繳足紅股方式分派。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

MAJOR SUPPLIERS AND CUSTOMERS

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

a. Percentage of purchases attributable to the:	
–largest supplier	20%
–five largest suppliers	50%
b. Percentage of sales attributable to the:	
–largest customer	32%
–five largest customers	61%

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

DIRECTORS

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

Executive directors:

Chan Sik Ming, Harry
Lo Sun Wah
Motofumi Tsumura
Hiroto Sasaki
Hiroyuki Kikuchi
Au-Yeung Wai Hung

Independent non-executive directors:

Taro Akashi
Kohu Kashiwagi
Chan Yuk Tong (appointed on 1 September 2004)

主要供應商及客戶

主要供應商及客戶佔本集團採購額及銷售額之百分比如下：

a. 佔採購額之百分比：	
— 最大供應商	20%
— 五大供應商	50%
b. 佔銷售額之百分比：	
— 最大客戶	32%
— 五大客戶	61%

除在本報告書下方標題為「關連交易及持續關連交易」當中披露之情況外，本公司各董事、彼等之聯繫人士或據董事會所知擁有本公司已發行股本5%以上之股東，概無擁有五大供應商及客戶之任何實質權益。

董事

本年度內及截至本報告書刊發日期止本公司之董事如下：

執行董事

陳錫明
勞新華
津村元史
佐佐木弘人
菊地弘之
歐陽偉洪

獨立非執行董事

明石太郎
柏木紘宇
陳育棠 (於二零零四年九月一日委任)

REPORT OF THE DIRECTORS *(Continued)*

董事會報告書 (續)

DIRECTORS *(Continued)*

In accordance with bye-law 99(A) of the Company's bye-laws, Motofumi Tsumura, Hiroto Sasaki and Taro Akashi will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with bye-law 102 of the Company's bye-laws, Chan Yuk Tong will retire and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set out on pages 12 to 13 of the annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

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

董事 (續)

根據本公司之公司細則第99(A)條，津村元史、佐佐木弘人及明石太郎輪值告退，惟彼等願於應屆股東週年大會上膺選連任。

根據本公司之公司細則第102條，陳育棠告退，惟彼等願於應屆股東週年大會上膺選連任。

董事履歷

本公司董事之履歷詳情載於本年報第12至13頁。

董事之服務合約

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

董事於合約中之權益

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

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

董事於股份及相關股份之權益或淡倉

At 31 March 2005, the interests and short positions of the directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

於二零零五年三月三十一日，董事於本公司或其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份及相關股份中擁有本公司須記錄於證券及期貨條例第352條規定置存之記錄冊內之權益或淡倉，或須根據上市公司董事進行證券交易的標準守則知會本公司及香港聯合交易所有限公司（「聯交所」）之權益或淡倉如下：

Long position in ordinary shares of the Company:

於本公司普通股份之好倉：

Name of director 董事姓名	Directly beneficially owned 實益直接擁有	Beneficiary of a trust 信託受益	Total 合計	Percentage of the Company's issued share capital 本公司已發行 股本之百分比
Chan Sik Ming, Harry 陳錫明	34,480,000	57,443,417 (Note) (附註)	91,923,417	19.73

Note: Chan Sik Ming, Harry, and his family are the objects of a discretionary trust which has appointed Earnwell Limited as its trustee. At the balance sheet date, Earnwell Limited held 57,443,417 shares representing approximately 12.33% of the issued share capital of the Company.

附註：陳錫明及其家屬為一全權信託基金之受益人，而該基金委任Earnwell Limited為其信託人。於結算日，Earnwell Limited持有股份57,443,417股，約佔本公司已發行股本的12.33%。

The interests of the directors in the share options of the Company are separately disclosed in note 22 to the financial statements.

董事於本公司股份期權之權益另外於財務報告附註22內披露。

Save as disclosed above, as at 31 March 2005, none of the directors had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

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

At 31 March 2005, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name 姓名	Capacity and nature of interest 身份及權益之性質	Number of ordinary shares held 所持股份數目	Percentage of the Company's issued share capital 本公司已發行 股本之百分比
Lau Wing Hung 劉學宏	Directly beneficially owned 實益直接擁有人	68,078,000	14.61
Earnwell Limited	Trustee 信託人	57,443,417	12.33
Daisho Denshi Co., Ltd. 大昌電子株式會社	Directly beneficially owned 實益直接擁有人	50,000,000	10.73
Easy Gain Limited	Trustee 信託人	47,984,416	10.30

Save as disclosed above, as at 31 March 2005, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

主要股東及其他人士之股份及相關股份之權益

於二零零五年三月三十一日，依據證券及期貨條例第336條本公司須保存之權益登記冊所載，持有本公司股本5%或以上權益之股東如下：

好倉：

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

董事購買股份或債券之權利

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

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following connected and continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Continuing connected transactions

During the year, the Group had continuing connected transactions with Daisho Denshi (H.K.) Limited, a subsidiary of Daisho Denshi Co., Ltd. which is a substantial shareholder of the Company for the sale of printed circuit boards amounting to approximately HK\$29 million (2004: approximately HK\$36 million) conducted in the ordinary and usual course of the Group's business.

Pursuant to the Company's special general meeting on 31 March 2004, an ordinary resolution was passed to approve the sales transactions with Daisho Denshi Co., Ltd. and its subsidiary (the "Daisho Denshi Group") and the maximum aggregated annual value for these sales transactions was set at HK\$132 million for each of the three financial years ending 31 March 2007.

The independent non-executive directors of the Company have reviewed the continuing connected transactions with the Daisho Denshi Group as set out above and have confirmed that these sales transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms;
- (iii) in accordance with the terms of the relevant agreements governing these sales transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (iv) with an aggregate annual value of these sales transactions not exceeding HK\$132 million for the year ended 31 March 2005.

關連交易及持續關連交易

本年度內，本集團有以下關連及持續關連交易，若干詳情的披露已遵守香港聯合交易所有限公司上市規則（「上市規則」）第14A章之規定。

持續關連交易

本年度內，本集團在日常一般業務過程中有銷售綫路板予本公司之一位主要股東 — 大昌電子株式會社之一間附屬公司大昌電子（香港）有限公司之持續關連交易，金額約為港幣29,000,000元（二零零四年：約港幣36,000,000元）。

本公司於二零零四年三月三十一日在股東特別大會上，以普通決議案通過批准與大昌電子株式會社及其附屬公司（「大昌電子集團」）之銷售交易，而此等銷售交易在截至二零零七年三月三十一日止三個財政年度內每年的最高總價值以港幣132,000,000元為上限。

本公司獨立非執行董事已審閱上述與大昌電子集團之持續關連交易，並確認此等銷售交易乃按照以下情況進行：

- (i) 本集團日常一般業務過程中；
- (ii) 一般商業條款；
- (iii) 規範此等銷售交易之相關協議中對本公司股東整體而言乃屬公平及合理而且符合其利益之條款；及
- (iv) 此等銷售交易全年截至二零零五年三月三十一日止年度之總價值並未超過港幣132,000,000元。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

Continuing connected transactions (Continued)

In the opinion of the directors of the Company, the continuing connected transactions during the year ended 31 March 2005 have been entered into in the manner stated above.

In addition to the above, on 1 December 2003, the Group entered into an agreement with a connected person for the provision of consultancy services to the Group in relation to the marketing and sale of printed circuit boards. Consultancy fees of HK\$960,000 (2004: HK\$320,000) were paid to the connected person, who is a corporate entity in which a director and shareholder is a substantial shareholder and former director of the Company. Such consultancy fees were determined by mutual agreement.

Connected transactions

During the year, the Group paid technical support fees of HK\$742,000 (2004: Nil) to Daisho Denshi Co., Ltd. for the provision of technological advice on the manufacture of printed circuit boards.

DIRECTOR'S INTEREST IN A COMPETING BUSINESS

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

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

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

關連交易及持續關連交易 (續)

持續關連交易 (續)

本公司董事會認為，在本年度內截至二零零五年三月三十一日止之持續關連交易乃按照上述之方式進行。

附上述外，於二零零三年十二月一日，本集團與一位關連人士訂立一份關於提供綫路板營銷顧問服務予本集團之協議。本集團支付港幣960,000元（二零零四年：港幣320,000元）之顧問費予該關連人士，彼為一間法人個體，而其一位董事及股東乃本公司一位主要股東及前任董事。該顧問費乃按雙互協議訂立。

關連交易

本年度內，本集團支付港幣742,000元（二零零四年：無）之技術支援費予大昌電子株式會社作為提供製造綫路板之技術建議。

董事於競爭業務之權益

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

佐佐木弘人先生是從事製造及銷售綫路板業務的大昌電子株式會社之董事。

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

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

CODE OF BEST PRACTICE

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

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

AUDITORS

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

ON BEHALF OF THE BOARD

Chan Sik Ming, Harry

Chairman

Hong Kong

22 July 2005

最佳應用守則

本公司獨立非執行董事之委任並非按上市規則附錄14所載之最佳應用守則第7段必須有指定年期之規定，而是按本公司之公司細則於本公司之股東週年大會上輪值告退及重選連任。除此以外，董事會認為本公司在本年報涵蓋之會計期間內一直遵守最佳應用守則。

審核委員會

本公司之審核委員會乃根據上市規則第3.21條之規定而成立，其主要目的為檢討及監督本集團之財務報告過程及內部監控。審核委員會由本公司三位獨立非執行董事組成。

核數師

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

承董事會命

陳錫明

主席

香港

二零零五年七月二十二日

REPORT OF THE AUDITORS 核數師報告書



To the members

Daisho Microline Holdings Limited

(Formerly known as Suwa International Holdings Limited)

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 26 to 68 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

致：

大昌微綫集團有限公司

(前稱秀華國際集團有限公司)

(於百慕達註冊成立之有限公司)

全體股東

本核數師已完成審核刊於第26至68頁按照香港公認會計原則編製之財務報告。

董事及核數師各自之責任

貴公司董事須編製真實及公平的財政報告。在編製該等財政報告時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。本核數師之責任是根據我們審核工作的結果，對該等財務報表作出獨立意見，並按照百慕達一九八一年《公司法》第九十條的規定，僅向整體股東報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告的內容，對任何其他人士負債或承擔任何責任。

意見之基礎

本核數師乃按照香港會計師公會頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報告所載數額及披露事項有關之憑證，亦包括評估董事於編製該等財務報告時所作出之重大估計和判斷、所釐定之會計政策是否適合 貴公司及 貴集團之具體情況及有否貫徹運用並足夠披露該等會計政策。

REPORT OF THE AUDITORS *(Continued)*

核數師報告書 (續)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2005 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ERNST & YOUNG

Certified Public Accountants

Hong Kong
22 July 2005

本核數師在策劃和進行審核工作時，均以取得一切吾等認為必需之資料及解釋為目標，使吾等能獲得充份之憑證，就該等財務報告是否存有重要錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已衡量該等財務報告所載資料在整體上是否足夠。本核數師相信，吾等之審核工作已為下列意見建立合理之基礎。

意見

本核數師認為，該等財務報告均真實與公平地反映 貴公司與 貴集團於二零零五年三月三十一日之財務狀況及 貴集團截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露要求而適當地編製。

安永會計師事務所

執業會計師

香港
二零零五年七月二十二日

CONSOLIDATED PROFIT AND LOSS ACCOUNT

綜合損益表

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

		Notes 附註	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
TURNOVER	營業額	4	258,237	241,666
Cost of sales	銷售成本		(224,813)	(207,992)
Gross profit	毛利		33,424	33,674
Other revenue and gains	其他收入及收益	4	1,577	1,409
Selling and distribution costs	銷售及分銷成本		(24,323)	(14,920)
Administrative expenses	行政開支		(22,671)	(20,564)
Other operating expenses	其他營運開支		(800)	(3,245)
LOSS FROM OPERATING ACTIVITIES	經營虧損	6	(12,793)	(3,646)
Finance costs	融資成本	8	(1,472)	(1,806)
LOSS BEFORE TAX	除稅前虧損		(14,265)	(5,452)
Tax	稅項	9	—	—
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東從日常業務中 應佔虧損淨額	10	(14,265)	(5,452)
LOSS PER SHARE	每股虧損	11		
Basic	基本		(HK3.06 cents港仙)	(HK1.17 cents港仙)
Diluted	攤薄後		N/A不適用	N/A不適用

CONSOLIDATED BALANCE SHEET**綜合資產負債表**

31 March 2005 二零零五年三月三十一日

		Notes 附註	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
NON-CURRENT ASSETS	非流動資產			
Fixed assets	固定資產	12	135,745	139,053
CURRENT ASSETS	流動資產			
Inventories	存貨	14	38,564	40,581
Trade debtors	應收貿易賬款	15	62,996	34,626
Sundry debtors, prepayments and deposits	其他應收賬款、 預付款項及按金		2,645	6,032
Cash and bank balances	現金及銀行結存	16	7,169	7,376
			111,374	88,615
CURRENT LIABILITIES	流動負債			
Trust receipt loans	入口單據貸款	17	16,294	16,202
Trade creditors	應付貿易賬款	18	51,685	43,537
Other creditors and accruals	其他應付賬款及費用		18,646	10,809
Finance lease and hire purchase contract payables	應付融資租約及 租購合同	19	6,739	4,181
Bank loans	銀行貸款	17	11,456	3,336
Other loans, secured	其他有抵押貸款	20	2,115	2,017
			106,935	80,082
NET CURRENT ASSETS	流動資產淨值		4,439	8,533
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減 流動負債		140,184	147,586
NON-CURRENT LIABILITIES	非流動負債			
Finance lease and hire purchase contract payables	應付融資租約及 租購合同	19	12,140	—
Bank loans	銀行貸款	17	2,216	5,552
Other loans, secured	其他有抵押貸款	20	1,278	3,393
			15,634	8,945
			124,550	138,641
CAPITAL AND RESERVES	股本及儲備			
Issued capital	已發行股本	21	46,601	46,601
Reserves	儲備	23(a)	77,949	92,040
			124,550	138,641

Chan Sik Ming, Harry
Director

陳錫明
董事

Au-Yeung Wai Hung
Director

歐陽偉洪
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

		Issued capital 已發行股本 HK\$'000 港幣千元	Share premium account 股份溢價賬 HK\$'000 港幣千元	Contributed surplus 繳入盈餘 HK\$'000 港幣千元	Exchange equalisation reserve 匯兌平衡儲備 HK\$'000 港幣千元	Retained profits/ losses) 保留溢利/ (累積虧損) HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 1 April 2003	於二零零三年四月一日	46,601	90,038	9,379	(17,777)	15,991	144,232
Exchange realignment and net losses not recognised in the profit and loss account	匯兌調整及並未於 損益表內確認之 淨虧損	—	—	—	(139)	—	(139)
Net loss for the year	年內虧損淨額	—	—	—	—	(5,452)	(5,452)
At 31 March 2004 and 1 April 2004	於二零零四年三月三十一日 及二零零四年四月一日	46,601	90,038*	9,379*	(17,916)*	10,539*	138,641
Exchange realignment and net gains not recognised in the profit and loss account	匯兌調整及並未於 損益表內確認之 淨收益	—	—	—	174	—	174
Net loss for the year	年內虧損淨額	—	—	—	—	(14,265)	(14,265)
At 31 March 2005	於二零零五年三月三十一日	46,601	90,038*	9,379*	(17,742)*	(3,726)*	124,550

* These reserve accounts comprise the consolidated reserves of HK\$77,949,000 (2004: HK\$92,040,000) in the consolidated balance sheet.

* 在綜合資產負債表之綜合儲備港幣77,949,000元 (二零零四年：港幣92,040,000元) 由此等儲備賬戶組成。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

		Notes 附註	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
CASH FLOWS FROM	經營活動之現金流量			
OPERATING ACTIVITIES				
Loss before tax	除稅前虧損		(14,265)	(5,452)
Adjustments for:	調整：			
Bank interest income	銀行利息收入	4	(25)	(18)
Loss on disposal of fixed assets	出售固定資產之虧損	6	19	—
Depreciation	折舊	6	33,371	33,010
Finance costs	融資成本	8	1,472	1,806
Operating profit before working capital changes	未計流動資金變動前經營溢利		20,572	29,346
Decrease/(increase) in inventories	存貨之減少／（增加）		2,049	(1,436)
Decrease/(increase) in trade debtors	應收貿易賬款之減少／（增加）		(28,367)	14,786
Decrease in sundry debtors, prepayments and deposits	其他應收賬款、預付款項及按金之減少		3,392	3,927
Increase/(decrease) in trade creditors	應付貿易賬款之增加／（減少）		8,141	(10,699)
Increase/(decrease) in other creditors and accruals	其他應付賬款及費用之增加／（減少）		8,657	(689)
Cash generated from operations	經營產生之現金		14,444	35,235
Interest received	已收利息		25	25
Interest paid	已付利息		(1,351)	(1,211)
Interest element on finance lease and hire purchase rental payments	融資租約及租購合同租金之利息部份		(125)	(643)
Net cash inflow from operating activities	經營活動之現金流入淨額		12,993	33,406
CASH FLOWS FROM	投資活動之現金流量			
INVESTING ACTIVITIES				
Purchases of fixed assets	購買固定資產	24	(10,227)	(20,308)
Proceeds from disposal of fixed assets	出售固定資產所得款項		83	—
Net cash outflow from investing activities	投資活動之現金流出淨額		(10,144)	(20,308)
CASH FLOWS FROM	融資活動之現金流量			
FINANCING ACTIVITIES				
Increase/(decrease) in trust receipt loans	入口單據貸款之增加／（減少）		92	(6,067)
Capital element of finance lease and hire purchase rental payments	融資租約及租購合同租金之本金部份		(5,955)	(16,649)
New bank loans	新銀行貸款		28,401	10,000
Repayment of bank loans	償還銀行貸款		(23,617)	(6,112)
New other loans, secured	其他有抵押新貸款		—	6,225
Repayment of other loans, secured	償還其他有抵押貸款		(2,017)	(3,893)
Net cash outflow from financing activities	融資活動之現金流出淨額		(3,096)	(16,496)

CONSOLIDATED CASH FLOW STATEMENT (Continued)**綜合現金流量表** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目 之減少淨額	(247)	(3,398)
Cash and cash equivalents at beginning of year	於年初之現金及 現金等值項目	7,376	10,723
Effect of foreign exchange rate changes, net	匯兌率變動之影響， 淨值	40	51
CASH AND CASH EQUIVALENTS AT END OF YEAR	於年終之現金及 現金等值項目	7,169	7,376
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS	現金及現金等值項目 結餘之分析		
Cash and bank balances	現金及銀行結存	7,169	7,376

BALANCE SHEET

資產負債表

31 March 2005 二零零五年三月三十一日

		Notes 附註	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
NON-CURRENT ASSETS	非流動資產			
Interests in subsidiaries	於附屬公司之權益	13	149,923	149,977
CURRENT ASSETS	流動資產			
Prepayments	預付款項		163	164
Cash and bank balances	現金及銀行結存		19	40
			<u>182</u>	<u>204</u>
CURRENT LIABILITIES	流動負債			
Other creditors and accruals	其他應付賬款及費用		149	245
NET CURRENT ASSETS/(LIABILITIES)	流動資產／（負債）淨值		<u>33</u>	<u>(41)</u>
			<u>149,956</u>	<u>149,936</u>
CAPITAL AND RESERVES	股本及儲備			
Issued capital	已發行股本	21	46,601	46,601
Reserves	儲備	23(b)	103,355	103,335
			<u>149,956</u>	<u>149,936</u>

Chan Sik Ming, Harry
Director

陳錫明
董事

Au-Yeung Wai Hung
Director

歐陽偉洪
董事

NOTES TO FINANCIAL STATEMENTS

財務報告附註

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

1. CORPORATE INFORMATION

The registered office of Daisho Microline Holdings Limited (formerly known as Suwa International Holdings Limited) is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consist of investment holding and the manufacture and trading of printed circuit boards.

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

HKFRS 3 "Business Combinations" applies to the accounting for business combinations for which the agreement date is on or after 1 January 2005. The Group did not have any business combinations during the year and accordingly, this HKFRS has had no impact on the financial statements.

1. 公司資料

大昌微綫集團有限公司（前稱秀華國際集團有限公司）之註冊辦事處位於 Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda。

本公司之主要業務為投資控股，而附屬公司之主要業務包括投資控股與製造及銷售線路板。

2. 最近頒佈之香港財務匯報準則（「香港財務匯報準則」）之影響

香港會計師公會（「香港會計師公會」）已頒佈多項新增及經修訂香港財務匯報準則及香港會計準則（在此統稱新香港財務匯報準則），並普遍於二零零五年一月一日或以後之會計期間生效。本集團並無就截至二零零五年三月三十一日止年度之財務報告提早採納該等新香港財務匯報準則。本集團已開始評估該等新香港財務匯報準則之影響，惟尚未能對該等新香港財務匯報準則是否對其業績及財務狀況造成重大影響而作出定論。

香港財務匯報準則第三條「業務合併」應用於協議日期在二零零五年一月一日或以後所進行之業務合併的會計處理。本集團於年內並無任何業務合併，故此項香港財務匯報準則並無對財務報告構成影響。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註 (續)**

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice ("SSAPs") and Interpretations) issued by the HKICPA, 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.

(b) Change in segment identification

During the year, the Group changed its identification of reportable geographical segments. The Group reclassified its previous six geographical segments, namely "Finland", "Hong Kong", "Japan", "Asia Pacific (excluding Hong Kong and Japan)", "Europe (excluding Finland)" and "Others" into the current five geographical segments, namely "Finland", "Hong Kong", "Japan", "Mainland China" and "Others". Further information of the current geographical segments is detailed in note 5 below. In the opinion of the directors, the revised basis of segment identification provides a more appropriate presentation of the segment information. Prior year segment revenue information is restated for comparative purpose.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2005. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

3. 主要會計政策概要**(a) 編製基準**

此等財務報告乃按照香港會計師公會發出的香港財務匯報準則（當中亦包括會計實務準則（「會計實務準則」）及其註釋）、香港公認會計原則及香港公司條例之披露要求而編製。財務報告乃按照歷史成本慣例編製。

(b) 分類界定之變更

在本年度內，本集團變更其界定的地區分類，本集團將其以往的六個地區分類（即「芬蘭」、「香港」、「日本」、「亞太區（香港及日本除外）」、「歐洲（芬蘭除外）」及「其他」）重新劃分為現時五個地區分類（即「芬蘭」、「香港」、「日本」、「中國大陸」及「其他」）。現時五個地區分類之進一步資料已載於下文附註5內。本公司之董事認為，修訂後的分類界定基準提供一個更合適之分類資料呈報方式。上年度之收入分類資料已經重列作為比較之用。

(c) 綜合賬項基準

綜合財務報告包括本公司及其附屬公司截至二零零五年三月三十一日止年度之財務報告。年內已收購或出售之附屬公司之業績已分別自其收購日期起或至出售日期止予以綜合。本集團內公司之間所有重大交易及賬項結餘均於編製綜合賬項時對銷。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**(d) Subsidiaries**

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

(e) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(f) Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use and its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises.

3. 主要會計政策概要 (續)**(d) 附屬公司**

附屬公司乃指本公司直接或間接控制其財務及營運政策，藉以從其商業活動得益之公司。

附屬公司之業績乃按已收及應收股息納入本公司之損益表。本公司於附屬公司之權益乃以成本值扣除減值虧損列賬。

(e) 關連人士

倘一方有能力直接或間接控制另一方，或可對另一方之財務及經營決策行使重大影響力者便被視為關連人士。倘此等人士共同受某一來源控制或被施加重大影響時，亦被視為有關連人士。關連人士可以是個人或法人個體。

(f) 資產減值

於各結算日進行評估，以決定是否有任何顯示任何資產出現減值，或有任何顯示往年度已確認之減值虧損不再存在或已減少。倘有任何該等顯示存在，該資產之可收回值須予以評估。資產之可收回值定為資產之使用價值與其銷售淨值之較高者。

減值虧損僅於資產面值超出其可收回值時予以確認。減值虧損於其產生之期間在損益表內扣除。

僅於資產之估計可收回值出現變動時，過往已確認之減值虧損方予以撥回，然而，可收回值不得超過該資產假設在往年度並無已確認之減值虧損下扣除任何折舊／攤銷之賬面值。撥回之減值虧損於其產生之期間計入損益表內。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**3. 主要會計政策概要** (續)**(g) Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation and any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of a fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold properties held under medium term leases	Over the lease terms
Leasehold improvements	Over the lease terms
Machinery and equipment	10 – 20%
Furniture and fixtures	20%
Motor vehicles	20%
Computers and software	20%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(g) 固定資產及折舊

固定資產按原值減累計折舊及任何減值虧損列賬。

資產之原值包括其購買價及任何使其投入運作及運往目的地作原定用途直接產生之成本。固定資產投入運作後產生之費用如維修及保養支出，通常於其產生期間自損益表扣除。倘若情況明確顯示有關費用能令將來使用固定資產時增加預期獲得之未來經濟效益，則該費用將撥充作為該固定資產之額外成本。

折舊按個別資產之估計可用年期以直線法攤銷原值計算。採用之主要年折舊率如下：

按中期租約持有之租賃物業	按租約年期
租賃物業裝修	按租約年期
機器及設備	10 – 20%
傢俬及裝置	20%
汽車	20%
電腦及軟件	20%

於損益表內確認出售或退役之固定資產所產生之收益或虧損為有關資產之淨出售所得款項及其賬面價值之差額。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES **3. 主要會計政策概要** (續)
(Continued)**(h) Leased assets**

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(h) 租賃資產

凡資產擁有權之大部份回報及風險（法定業權除外）已轉移予本集團之租約，均視作融資租約。於融資租約訂立時，按租約最低付款額之現值撥充租賃資產之成本，連同債務（不計利息部份）一併入賬，以反映有關之購買及融資安排。已撥充成本之融資租約資產計入固定資產內，並按資產之租約年期與估計可用年期兩者中之較短者作出折舊準備。該等租約之財務費用按租約期內一個不變之週期息率計算後於損益表中扣除。

以租購合同形式購入之資產，均視作融資租約，折舊按估計可用年期計算。

資產擁有權之絕大部份回報及風險乃由出租人承擔之租約，將視作營業租約處理。根據營業租約應付之租金乃按租約年期以直線法於損益表內扣除。

(i) 存貨

存貨按原值與可變現淨值兩者中之較低者列賬。原值則按先入先出法計算。在製品及製成品之原值包括直接物料、直接工資及所佔相關部份之間接生產費用。可變現淨值乃將估計售價減去預期在製成及出售前需承擔之任何額外成本。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**(j) Cash and cash equivalents**

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(k) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. 主要會計政策概要 (續)**(j) 現金及現金等值項目**

就綜合現金流量表而言，現金及現金等值項目包括手頭現金及活期存款，以及可隨時兌換成已知現金金額而價值變動風險甚低且一般於購入後三個月內到期之短期高流通性投資項目，減去須按要求償還及組成本集團整體現金管理之銀行透支。

(k) 所得稅

所得稅包括本期及遞延稅項。所得稅於損益表內確認，倘與在同期或不同期間直接在權益中確認之項目有關，則會在權益中確認。

遞延稅項乃使用負債法，就於結算日資產負債之稅基與其作財務申報用途之賬面值間之所有暫時性差額作出撥備。

遞延稅項負債乃就所有應課稅暫時性差額確認：

- 惟倘因初步確認資產或負債而產生，且於交易時並無對會計溢利及應課稅溢利或虧損構成影響之遞延稅項負債則作別論；及
- 惟就與投資於附屬公司有關之應課稅暫時性差額而言，倘暫時性差額之回轉時間可予控制或暫時性差額於可見將來可能不會回轉則除外。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**(k) Income tax** (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3. 主要會計政策概要 (續)**(k) 所得稅** (續)

遞延稅項資產乃就所有應課稅溢利可用於抵銷可扣減暫時性差額及結轉未動用稅項資產及未動用稅項虧損時，就所有可扣減暫時性差額，結轉未動用稅項資產及未動用稅項虧損確認：

- 惟倘關於初步確認資產或負債所產生，且於交易時並無對會計溢利及應課稅溢利或虧損構成影響之可扣減臨時差異之遞延稅項資產則作別論；及
- 就與投資於附屬公司有關之可扣減暫時性差額而言，遞延稅項資產僅會在暫時性差額於可見將來可能會回轉及可能有應課稅溢利可用於抵銷暫時性差額時確認。

遞延稅項資產之賬面值會於每個結算日覆核，倘不再可能有足夠應課稅溢利可用於抵免全部或部分遞延稅項資產則會予以扣減。相反，倘可能有足夠應課稅溢利可用於抵免全部或部分遞延稅項資產，則過往未確認之遞延稅項資產將予以確認。

遞延稅項資產及負債乃依據於結算日已頒佈或實際施行之稅率（及稅法），按預期於負債獲償還或資產獲變現期間適用之稅率計算。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES **3. 主要會計政策概要** (Continued)**(l) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- (ii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

(m) Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange equalisation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

(l) 收益確認

收益會於本集團或可取得經濟利益且能可靠地衡量時按下列基準確認：

- (i) 銷貨額，當擁有權之重大風險及回報已轉移予買家時入賬，惟本集團必須不再參與通常和已售貨物擁有權相關之管理及不再擁有已售貨物之實質控制權；及
- (ii) 利息收入，根據尚欠本金數目及適用之實際利率按時間比例計算入賬。

(m) 外幣

外幣交易按交易日之適用匯率入賬。於結算日以外幣為單位之金融資產及負債均按該日之適用匯率換算。匯兌差額於損益表中處理。

編製綜合賬項時，海外附屬公司之財務報告採用淨投資法換算為港幣。海外附屬公司之損益表乃按本年度之加權平均匯率換算為港幣，而其資產負債表則按結算日之匯率換算為港幣。由此產生之匯兌差額計入匯兌平衡儲備內。

就綜合現金流量表而言，海外附屬公司之現金流量乃按現金流量日期之匯率換算為港幣。於整個年度所產生之海外附屬公司之經常性現金流量乃按本年度之加權平均匯率換算為港幣。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**3. 主要會計政策概要** (續)**(n) Employee benefits***Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The Group also operates another defined contribution retirement benefits scheme (the “ORSO Scheme”) for those employees who are eligible to participate in this scheme. The ORSO Scheme operates in a similar way to the MPF Scheme, except that when an employee leaves the ORSO Scheme before his/her interest in the Group’s employer contributions vests fully, the ongoing contributions payable by the Group are reduced by the relevant amount of forfeited employer contributions.

(n) 僱員福利*結轉有薪假期*

本集團根據僱員之僱傭合約按曆年基準為僱員提供有薪年假。在若干情況下，於結算日尚未提取之假期會被允許結轉，並由有關僱員於來年使用。於結算日就僱員於年內所得及所結轉之有薪假期之預計未來成本已計入應付費用。

退休金計劃

本集團根據強制性公積金計劃條例為合資格參加定額供款強制性公積金退休福利計劃（「強積金計劃」）之僱員設有一項強積金計劃。供款額按僱員基本薪金之某一百分比提撥，並根據該計劃之規則於到期支付時在損益表中扣除。強積金計劃之資產與本集團之資產分開持有，存放於獨立管理基金內。根據強積金計劃之規則，本集團之僱主供款於對強積金計劃作出供款時全數歸屬於僱員，惟倘僱員於全數歸屬供款前離職，則本集團之僱主自願性供款會退回予本集團。

本集團亦設立一個定額供款退休福利計劃（「職業退休保障計劃」），供合資格參與該計劃之僱員參加。職業退休保障計劃與強積金計劃之運作方式相近，惟倘僱員於有權全數收取本集團之僱主供款以前退出職業退休保障計劃，本集團繼後應付之供款可以從有關收回之僱主供款款項中扣除。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES **3. 主要會計政策概要** (續)
(Continued)**(n) Employee benefits** (Continued)*Pension schemes* (Continued)

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a constant amount for each employee to the central pension scheme. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the central pension scheme.

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

(n) 僱員福利 (續)*退休金計劃* (續)

本集團於中國大陸運作之附屬公司僱員須參與當地市政府營運之中央公積金計劃。此等附屬公司需為每一僱員支付固定金額之供款給中央公積金計劃。供款乃於根據中央公積金計劃之規則支付時自損益表中扣除。

股份期權計劃

本公司設立一項股份期權計劃，目的在於為對本集團在經營上作出貢獻之合資格參與者提供獎勵及回報。根據股份期權計劃授出股份期權之財務影響直至股份期權獲行使時才記錄於本公司或本集團之資產負債表，股份期權之成本於損益表或資產負債表內並無記錄為開支。於股份期權獲行使後，因而所發行之股份乃由本公司按股份面值記錄作額外股本，而每股行使價超出股份面值之差額乃由本公司記錄股份溢價賬。於行使日期前被註銷或失效之股份期權自尚未行使股份期權名冊中刪除。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

4. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for goods returns and trade discounts.

An analysis of the Group's turnover, other revenue and gains is as follows:

4. 營業額及其他收入及收益

營業額指扣除退貨及折扣後銷貨之發票淨值。

本集團之營業額、其他收入及收益之分析如下：

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Turnover:	營業額：		
Sales of printed circuit boards	銷售綫路板	258,237	241,666
Other revenue and gains:	其他收入及收益：		
Bank interest income	銀行利息收入	25	18
Gain on disposal of scrap materials	出售廢料之收益	1,044	962
Others	其他	508	429
		1,577	1,409

5. SEGMENT INFORMATION

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.

5. 分類資料

分類資料以兩種分類模式呈列：(i)按業務分類呈報之主要分類模式；及(ii)按地區分類呈報之次要分類模式。

(a) 業務分類

本集團只從事製造及銷售綫路板之業務。因此，並無呈列業務分類之分析。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

5. SEGMENT INFORMATION (Continued)

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers, and segment assets and capital expenditure are based on the geographical location of the assets.

As detailed in note 3 to the financial statements, from 1 April 2004, the Group changed its identification of reporting geographical segments and the prior year segment revenue information has been restated.

The following tables present revenue and certain asset and capital expenditure information for the Group's geographical segments.

Group

	Finland 芬蘭		Hong Kong 香港		Japan 日本		Mainland China 中國大陸		Others 其他		Consolidated 綜合	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Segment revenue: 收入分類:												
Sales to external customers 銷售予對外客戶	84,296	60,978	40,087	48,911	28,740	36,407	55,095	47,168	50,019	48,202	258,237	241,666

	Mainland China 中國大陸		Hong Kong 香港		Consolidated 綜合	
	2005	2004	2005	2004	2005	2004
	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Other segment information: 其他分類資料:						
Segment assets 分類資產	182,956	186,068	64,163	41,600	247,119	227,668
Capital expenditure 資本開支	29,955	17,785	103	825	30,058	18,610

5. 分類資料 (續)

(b) 地區分類

在呈列按地區劃分之資料時，收入分類乃按客戶所處地區為基準。資產及資本開支分類則按資產所處地區為基準。

詳載於本財務報告附註3，自二零零四年四月一日起，本集團更改呈報地區分類之界定，上年度之收入分類資料已重列。

按本集團以地區分類之收入及若干資產及資本開支資料呈列如下。

本集團

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

6. LOSS FROM OPERATING ACTIVITIES

6. 經營虧損

The Group's loss from operating activities is arrived at after charging/(crediting):

本集團經營虧損已扣除／（計入）：

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
	Notes 附註		
Auditors' remuneration	核數師酬金	540	530
Staff costs* (excluding directors' remuneration – note 7):	員工成本*（未計董事酬金—附註7）：		
Wages and salaries	工資及薪金	21,493	21,767
Pension scheme contributions	退休金計劃供款	287	275
Less: Forfeited contributions	減：收回供款	(10)	—
Net pension scheme contributions [#]	淨退休金計劃供款 [#]	277	275
		21,770	22,042
Provision/(write-back of provision) for doubtful debts	壞賬撥備／（撥備撥回）	(6)	81
Depreciation*	折舊*	33,371	33,010
Minimum lease payments under operating leases for land and buildings	土地及樓宇之營業租約最低租金	332	332
Loss on disposal of fixed assets	出售固定資產之虧損	19	—
Exchange losses, net	匯兌虧損淨額	85	910

[#] At 31 March 2005, the Group had no forfeited contributions available to reduce its contributions to the ORSO Scheme in future years (2004: Nil).

* "Cost of sales" presented on the face of the consolidated profit and loss account includes direct staff costs of HK\$13,341,000 (2004: HK\$13,059,000) and depreciation of fixed assets of HK\$30,270,000 (2004: HK\$29,913,000) attributable to the manufacturing activities, which are also included in the respective total amounts disclosed above.

[#] 於二零零五年三月三十一日，本集團並無可於往後年度用以扣減職業退休保障計劃供款額之收回供款（二零零四年：無）。

* 「銷售成本」在綜合損益表中呈列，包括製造活動的直接員工成本港幣13,341,000元（二零零四年：港幣13,059,000元）及固定資產折舊港幣30,270,000元（二零零四年：港幣29,913,000元）。該等成本亦已包括在上文披露之總額內。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

7. REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES**7. 董事及五位最高薪僱員之酬金****Directors' remuneration**

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

董事酬金

本年度內，根據上市規則及香港公司條例第161條披露之董事酬金如下：

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Fees	袍金	98	40
Other emoluments:	其他薪酬：		
Salaries and allowances	薪金及津貼	2,693	2,290
Pension scheme contributions	退休金計劃供款	106	84
		2,799	2,374
		2,897	2,414

During the year, fees of HK\$98,000 (2004: HK\$40,000) were paid to the independent non-executive directors. There were no other emoluments payable to the independent non-executive directors during the year (2004: Nil).

本年度內，獨立非執行董事獲支付袍金港幣98,000元（二零零四年：港幣40,000元）。本年度內概無其他應付予獨立非執行董事之薪酬（二零零四年：無）。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

7. REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES (Continued)**7. 董事及五位最高薪僱員之酬金** (續)**Directors' remuneration** (Continued)**董事酬金** (續)

The number of directors whose remuneration fell within the following band is as follows:

屬於下列酬金範圍之董事人數如下：

		Number of directors 董事數目	
		2005 二零零五年	2004 二零零四年
Nil to HK\$1,000,000	零至港幣1,000,000元	<u>9</u>	<u>10</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

本年度內董事並無作出放棄或同意放棄任何酬金之安排。

During the year, certain directors were granted share options in respect of their services rendered to the Group under the share option scheme of the Company, further details of which are set out in note 22 to the financial statements. No value in respect of the share options granted during the year has been charged to the profit and loss account, or is otherwise included in the above directors' remuneration disclosures.

本年度內，若干董事在本公司之股份期權計劃下獲授予與彼等提供服務予本集團有關之股份期權，進一步之詳情載於財務報告附註22。有關本年度內獲授予之股份期權並無任何價值在損益表內扣除，或包括在上述董事酬金之披露內。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

7. REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES (Continued)**7. 董事及五位最高薪僱員之酬金** (續)**Remuneration of the five highest paid employees**

The five highest paid employees during the year included three (2004: three) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining two (2004: two) non-director, highest paid employees for the year are as follows:

Salaries and allowances	薪金及津貼
Pension scheme contributions	退休金計劃供款

五位最高薪僱員之酬金

本年度內，五位最高薪僱員包括三位（二零零四年：三位）董事，彼等之酬金詳情載於上文。其餘兩位（二零零四年：兩位）最高薪非董事僱員之酬金詳情如下：

Group 本集團	
2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
919	1,119
42	27
961	1,146

The remuneration of both non-director, highest paid employees fell within the range of nil to HK\$1,000,000.

兩位最高薪非董事僱員之酬金範圍為零至港幣1,000,000元之間。

During the year, 350,000 share options were granted to the two non-director, highest paid employees in respect of their services rendered to the Group, further details of which are included in the disclosures in note 22 to the financial statements. No value in respect of the share options granted during the year has been charged to the profit and loss account, or is otherwise included in the above non-director, highest paid employees' remuneration disclosures.

本年度內，兩位最高薪非董事僱員獲授予與彼等提供服務予本集團有關之350,000份股份期權，進一步之詳情載於財務報告附註22。有關本年度內獲授予之股份期權並無任何價值在損益表內扣除，或包括在上述最高薪非董事僱員酬金之披露內。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

8. FINANCE COSTS**8. 融資成本**

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Interest on:	利息於：		
Bank loans and other loans wholly repayable within five years	須於五年內全數償還之銀行貸款及其他貸款	1,313	1,186
Finance leases and hire purchase contracts	融資租約及租購合同	159	620
		1,472	1,806

9. TAX**9. 稅項**

No provision for profits tax has been made for the year as the Company and its subsidiaries either had no assessable profits for the year or had utilised tax losses brought forward from prior years to offset the assessable profits arising during the year (2004: Nil).

由於本年度本公司及其附屬公司並無應課稅溢利或本年度應課稅溢利已被往年度承前之稅損所抵銷，故此本年度並無就利得稅撥備（二零零四年：無）。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

9. TAX (Continued)

A reconciliation of the tax credit applicable to the loss before tax using the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax position at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory rates) to the effective tax rates, are as follows:

Group	本集團	2005		2004	
		二零零五年	%	二零零四年	%
		HK\$'000		HK\$'000	
		港幣千元	百分比	港幣千元	百分比
Loss before tax	除稅前虧損	(14,265)		(5,452)	
Tax at the statutory rate of 17.5% (2004: 17.5%)	按法定稅率17.5%計算之稅項 (二零零四年: 17.5%)	(2,496)	17.5	(954)	17.5
Higher tax rates of other countries	其他國家之較高稅率	(1,021)	7.2	(478)	8.8
Income not subject to tax	無須課稅之收入	(19)	0.1	(14)	0.2
Expenses not deductible for tax	不可扣稅之開支	1,167	(8.2)	3,027	(55.5)
Tax losses not recognised	未確認稅損	2,434	(17.1)	747	(13.7)
Tax losses utilised from previous periods	運用過往期間之稅損	(65)	0.5	(2,328)	42.7

As at 31 March 2005, there was no significant unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

The Group has estimated tax losses arising in Hong Kong of HK\$48,107,000 (2004: HK\$38,935,000) and in Mainland China of HK\$4,340,000 (2004: HK\$1,533,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

9. 稅項 (續)

有關除稅前虧損以適用於本公司及其大部份附屬公司所在國家之法定稅率計算之稅項抵免與按實際稅率計算之稅務狀況之對賬，以及適用稅率（即法定稅率）與實際稅率之對賬如下：

於二零零五年三月三十一日，由於本集團在其若干附屬公司之未匯出盈利獲得匯出之情況下無須繳付額外稅項，故此該等匯款並無產生重大之未確認遞延稅項負債（二零零四年：無）。

本集團於香港及中國大陸產生之累計稅損分別為港幣48,107,000元（二零零四年：港幣38,935,000元）及港幣4,340,000元（二零零四年：港幣1,533,000元），可用以抵銷各出現虧損之公司之未來應課稅溢利。由於該等附屬公司已產生虧損一段時間，故此並無就該等虧損確認遞延稅項資產。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

10. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders for the year ended 31 March 2005 dealt with in the financial statements of the Company was net profit of HK\$20,000 (2004: net loss of HK\$855,000) (note 23(b)).

11. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$14,265,000 (2004: HK\$5,452,000) and 466,013,785 (2004: 466,013,785) shares in issue during the year.

Diluted loss per share for the years ended 31 March 2005 and 2004 have not been disclosed, as the share options outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

10. 股東從日常業務中應佔虧損淨額

截至二零零五年三月三十一日止年度股東從日常業務中應佔虧損淨額已計入本公司財務報告內之純利港幣20,000元（二零零四年：虧損淨額港幣855,000元）（附註23(b））。

11. 每股虧損

基本每股虧損乃根據本年度股東從日常業務中應佔虧損淨額港幣14,265,000元（二零零四年：港幣5,452,000元）及本年度內已發行股份466,013,785股（二零零四年：466,013,785股）計算。

由於截至二零零五年及二零零四年三月三十一日止年度內尚未行使之股份期權對該等年度之基本每股虧損有反攤薄效應，故此並無披露該等年度攤薄後之每股虧損。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註 (續)**

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

12. FIXED ASSETS**12. 固定資產****Group****本集團**

		31 March 2004 二零零四年 三月三十一日 HK\$'000 港幣千元	Exchange realignment 匯兌調整 HK\$'000 港幣千元	Additions 添置 HK\$'000 港幣千元	Disposals 出售 HK\$'000 港幣千元	31 March 2005 二零零五年 三月三十一日 HK\$'000 港幣千元
Cost:	原值：					
Leasehold properties	租賃物業	45,971	39	—	—	46,010
Leasehold improvements	租賃物業裝修	17,721	15	51	—	17,787
Machinery and equipment	機器及設備	245,054	182	29,801	(14,352)	260,685
Furniture and fixtures	傢俬及裝置	5,928	5	50	(599)	5,384
Motor vehicles	汽車	1,462	1	—	(205)	1,258
Computers and software	電腦及軟件	1,560	—	156	(49)	1,667
		317,696	242	30,058	(15,205)	332,791
Accumulated depreciation:	累計折舊：					
Leasehold properties	租賃物業	10,065	9	844	—	10,918
Leasehold improvements	租賃物業裝修	6,059	6	1,336	—	7,401
Machinery and equipment	機器及設備	155,735	114	30,532	(14,250)	172,131
Furniture and fixtures	傢俬及裝置	5,119	5	258	(599)	4,783
Motor vehicles	汽車	545	1	200	(205)	541
Computers and software	電腦及軟件	1,120	—	201	(49)	1,272
		178,643	135	33,371	(15,103)	197,046
Net book value	賬面淨值	139,053				135,745

The leasehold properties of the Group are situated in Mainland China and are held under medium term leases.

本集團之租賃物業位於中國大陸，並按中期租約持有。

The net book value of assets held under finance leases and hire purchase contracts included in the total amount of machinery and equipment at 31 March 2005 amounted to HK\$23,632,000 (2004: HK\$39,415,000).

計入二零零五年三月三十一日之機器及設備總額內以融資租約及租購合同持有之資產賬面淨值達港幣23,632,000元（二零零四年：港幣39,415,000元）。

Certain machinery and equipment of the Group with a net book value at 31 March 2005 of HK\$4,852,000 (2004: HK\$6,293,000) were pledged to a financing company to secure the facilities granted to the Group (note 20).

本集團賬面淨值港幣4,852,000元（二零零四年：港幣6,293,000元）之機器及設備已質押予一家融資公司，以作為本集團獲取融資之抵押品（附註20）。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

13. INTERESTS IN SUBSIDIARIES**13. 於附屬公司之權益**

		Company 本公司	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Unlisted shares, at cost	非上市公司股份，按原值	70,916	70,916
Due from a subsidiary	應收一間附屬公司之結欠	239,380	239,399
Due to a subsidiary	應付一間附屬公司之結欠	(18,647)	(18,612)
		291,649	291,703
Provision for impairment	減值撥備	(141,726)	(141,726)
		149,923	149,977

The balances with subsidiaries are unsecured, interest-free and are not repayable within one year.

與附屬公司之結餘乃無抵押、免利息及還款期不在一年之內。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

13. INTERESTS IN SUBSIDIARIES (Continued)**13. 於附屬公司之權益** (續)

Particulars of the principal subsidiaries are as follows:

本公司之主要附屬公司詳情如下：

Name 名稱	Nominal value of issued ordinary/ registered share capital 已發行普通股／ 註冊股本面值	Class of shares in issue 已發行 股份類別	Equity interest attributable to the Company 本公司應佔 股本權益		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Incorporated and operating in Hong Kong 在香港註冊成立及經營					
Daisho Microline Limited 大昌微綫有限公司	2 shares of HK\$1.00 each 2股，每股面 值港幣1.00元	Ordinary 普通股	—	100%	Trading of printed circuit boards 銷售綫路板
Incorporated in the British Virgin Islands and operating in Hong Kong 在英屬處女群島註冊成立而在香港經營					
Frequent Luck Limited	1 share of US\$1.00 1股，面值1.00美元	Ordinary 普通股	100%	—	Investment holding 投資控股
Registered in the People's Republic of China (the “PRC”) and operating in Mainland China 在中華人民共和國註冊及在中國大陸經營					
Huafeng Microline (Huizhou) Circuits Limited* 華鋒微綫電子（惠州） 工業有限公司*	US\$30,000,000 30,000,000美元	*	—	100%	Manufacture of printed circuit boards 製造綫路板

* This subsidiary has registered instead of issued share capital. It is registered as a wholly-foreign-owned enterprise under PRC law.

* 此附屬公司只有註冊資本而並無已發行股本。其根據中華人民共和國法律註冊為外商獨資企業。

Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

* 非由香港安永會計師事務所或其他安永會計師事務所成員審核。

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

上表所列出本公司之附屬公司為董事會認為對本集團本年度業績有重大影響或佔本集團資產淨值相當比重之附屬公司。根據董事會之意見，列出其餘附屬公司之詳情將過於冗長。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

14. INVENTORIES**14. 存貨**

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Raw materials	原材料	22,937	20,933
Work in progress	在製品	8,452	12,228
Finished goods	製成品	7,175	7,420
		38,564	40,581

There were no inventories carried at net realisable value at the balance sheet date (2004: Nil).

於結算日並無存貨以變現淨值列賬（二零零四年：無）。

15. TRADE DEBTORS**15. 應收貿易賬款**

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

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

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Current to within 1 month	即期至逾期一個月內	60,525	33,722
1 to 2 months	逾期一至二個月內	1,007	467
2 to 3 months	逾期二至三個月內	225	102
Over 3 months	逾期三個月以上	1,239	335
		62,996	34,626

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

16. CASH AND BANK BALANCES

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$3,915,000 (2004: HK\$1,357,000). The RMB is not freely convertible into other currencies. However, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

16. 現金及銀行結存

於結算日，本集團以人民幣（「人民幣」）為貨幣單位之現金及銀行結存等同港幣3,915,000元（二零零四年：港幣1,357,000元）。人民幣不可自由兌換為其他貨幣。然而，根據中國大陸外匯管制規定及結匯、售匯及付匯的管理規定，本集團獲准透過認可進行外匯業務之銀行將人民幣兌換為其他貨幣。

17. INTEREST-BEARING BANK BORROWINGS**17. 計息銀行借款**

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Trust receipt loans	入口單據貸款	16,294	16,202
Bank loans	銀行貸款	13,672	8,888
		29,966	25,090

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

17. INTEREST-BEARING BANK BORROWINGS (Continued)**17. 計息銀行借款** (續)

The trust receipt loans and bank loans are unsecured and are repayable as follows:

入口單據貸款及銀行貸款均為無抵押，並須按下列年期償還：

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Within one year:	一年內：		
Trust receipt loans	入口單據貸款	16,294	16,202
Bank loans	銀行貸款	11,456	3,336
		27,750	19,538
In the second year:	第二年：		
Bank loans	銀行貸款	2,216	3,336
In the third to fifth years, inclusive:	第三年至第五年（包括首尾兩年）：		
Bank loans	銀行貸款	—	2,216
		29,966	25,090
Portion classified as current liabilities	列入流動負債之部分	(27,750)	(19,538)
Long term portion	長期部分	2,216	5,552

The Group's bank borrowings are supported by corporate guarantees given by the Company.

本集團之銀行借款已獲本公司提供公司擔保。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

18. TRADE CREDITORS

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

18. 應付貿易賬款

於結算日，按到期付款日計算之應付貿易賬款之賬齡分析如下：

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Current to within 1 month	即期至逾期一個月內	45,131	34,629
1 to 2 months	逾期一至二個月內	4,655	6,551
2 to 3 months	逾期二至三個月內	1,679	1,437
Over 3 months	逾期三個月以上	220	920
		51,685	43,537

19. FINANCE LEASE AND HIRE PURCHASE CONTRACT PAYABLES

The Group leases certain of its machinery and equipment for its business. These leases are classified as finance leases or hire purchase contracts and have remaining lease terms of three years.

19. 應付融資租約及租購合同

本集團在業務上租賃若干機器及設備。該等租賃被分類為融資租約或租購合同，尚餘租期為三年。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

19. FINANCE LEASE AND HIRE PURCHASE CONTRACT PAYABLES
(Continued)

At 31 March 2005, the total future minimum lease payments under finance leases and hire purchase contracts and their present values were as follows:

Group

		Minimum lease payments 最低應付租約款	Minimum lease payments 最低應付租約款	Present value of minimum lease payments 最低應付租約款之現值	Present value of minimum lease payments 最低應付租約款之現值
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Amounts payable: 應付款項：					
Within one year 一年內		7,311	4,219	6,739	4,181
In the second year 第二年		7,311	—	6,891	—
In the third to fifth years, inclusive 第三至第五年 (包括首尾兩年)		5,415	—	5,249	—
Total minimum finance lease payments 最低應付融資租約款總額		20,037	4,219	18,879	4,181
Future finance charges 將來財務費用		(1,158)	(38)		
Total net finance lease payables 應付融資租約款總淨額		18,879	4,181		
Portion classified as current liabilities 列入流動負債之部份		(6,739)	(4,181)		
Long term portion 長期部份		12,140	—		

19. 應付融資租約及租購合同 (續)

於二零零五年三月三十一日按融資租約及租購合同之未來最低應付租約款總額及其現值如下：

本集團

		Minimum lease payments 最低應付租約款	Minimum lease payments 最低應付租約款	Present value of minimum lease payments 最低應付租約款之現值	Present value of minimum lease payments 最低應付租約款之現值
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Amounts payable: 應付款項：					
Within one year 一年內		7,311	4,219	6,739	4,181
In the second year 第二年		7,311	—	6,891	—
In the third to fifth years, inclusive 第三至第五年 (包括首尾兩年)		5,415	—	5,249	—
Total minimum finance lease payments 最低應付融資租約款總額		20,037	4,219	18,879	4,181
Future finance charges 將來財務費用		(1,158)	(38)		
Total net finance lease payables 應付融資租約款總淨額		18,879	4,181		
Portion classified as current liabilities 列入流動負債之部份		(6,739)	(4,181)		
Long term portion 長期部份		12,140	—		

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註 (續)**

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

20. OTHER LOANS, SECURED

Details of the Group's other loans are as follows:

20. 其他有抵押貸款

本集團之其他貸款詳情如下：

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Other loans, secured and repayable:	其他有抵押貸款，於下述期間內償還：		
Within one year	一年內	2,115	2,017
In the second year	第二年	1,278	2,115
In the third to fifth years, inclusive	第三至第五年（包括首尾兩年）	—	1,278
		3,393	5,410
Portion classified as current liabilities	列入流動負債之部份	(2,115)	(2,017)
Long term portion	長期部份	1,278	3,393

The other loans are secured by certain of the Group's machinery and equipment with a net book value of HK\$4,852,000 (2004: HK\$6,293,000) (note 12) and corporate guarantees given by the Company and bear interest at HIBOR plus 3% per annum.

其他貸款以本集團賬面淨值為港幣4,852,000元（二零零四年：港幣6,293,000元）之若干機器及設備（附註12）及本公司提供之公司擔保作抵押，而利率根據香港銀行同業拆息加每年百分之三之息率計算。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

21. SHARE CAPITAL**21. 股本****Shares****股份**

		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
<i>Authorised:</i>	法定股本		
600,000,000 shares of HK\$0.10 each	600,000,000股， 每股面值港幣0.10元	<u>60,000</u>	<u>60,000</u>
<i>Issued and fully paid:</i>	已發行及繳足股本：		
466,013,785 shares of HK\$0.10 each	466,013,785股， 每股面值港幣0.10元	<u>46,601</u>	<u>46,601</u>

There were no movements in the Company's share capital during the current or prior years.

本公司股本於本年度或上年度並無變動。

Share options**股份期權**

Details of the Company's share option scheme and the share options granted under the scheme are included in note 22 to the financial statements.

本公司之股份期權計劃及該計劃下已授予股份期權之詳情，載於財務報告附註22。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註 (續)**

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

22. SHARE OPTION SCHEME

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.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the total number of shares of the Company in issue as at the date of approval of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the total number of shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the total number of shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

22. 股份期權計劃

本公司設立一項股份期權計劃（「該計劃」），藉以鼓勵合資格參與者盡其所能，達成本公司之目標，並同時讓合資格參與者享受彼等之努力及貢獻為本公司帶來之成果。該計劃之合資格參與者包括(i)本公司或其任何附屬或聯營公司之任何全職僱員；(ii)本公司或其任何附屬或聯營公司之任何董事（包括執行董事、非執行董事或獨立非執行董事）；及(iii)本公司或其任何附屬或聯營公司延聘之任何諮詢人、技術、財務、法律或其他專業顧問，惟本公司之董事會或已正式授權之委員會可全權酌情決定有關人士是否屬於上述類別。該計劃於二零零三年八月二十八日生效並（除非另被註銷或經修訂）將由該日起計十年內一直有效。

根據該計劃現時准予授出之未行使股份期權之最高數目，相等於該等股份期權獲行使後本公司於該計劃批准日期之已發行股份總數之10%。根據該計劃，於任何十二個月期間內授予各合資格參與者之股份期權所涉及之可發行股份數目上限，為本公司於任何時間已發行股份總數之1%。任何進一步授予超逾該上限之股份期權須於股東大會上獲得股東批准。

向本公司之董事、行政總裁、主要股東或彼等之任何聯繫人士授出股份期權，須事先獲得獨立非執行董事批准。此外，倘於任何十二個月期間內，任何已授予本公司主要股東、獨立非執行董事或彼等之任何聯繫人士之股份期權，超逾本公司於任何時間之已發行股份總數之0.1%及總值（按授出日期本公司股份之價格計算）超逾港幣5,000,000元，則須於股東大會上獲得股東事先批准。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

22. SHARE OPTION SCHEME (Continued)

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange of Hong Kong Limited (the "Stock Exchange") closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

22. 股份期權計劃 (續)

承授人可於繳付總數為港幣1元之象徵式代價後，接納授出股份期權之要約。所授出股份期權之行使期由董事釐定，並不遲於股份期權之要約日期起計十年後或該計劃屆滿日期（以較早者為準）之日結束。

股份期權之行使價由董事釐定，但不可少於(i)本公司股份於股份期權要約日期在聯交所之收市價；(ii)本公司股份於緊接要約日期前五個交易日前在聯交所之平均收市價；及(iii)股份面值三者之最高價。

股份期權並無賦予持有人收取股息或於股東大會上投票之權利。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

22. SHARE OPTION SCHEME (Continued)

22. 股份期權計劃 (續)

The following share options were outstanding under the Scheme during the year:

本年度內，根據該計劃尚未行使之股份期權如下：

		Number of share options 股份期權數目		
Name or category of participant 參與者姓名或類別		At 1 April 2004 於二零零四年 四月一日	Granted during the year 本年度內授予	At 31 March 2005 於二零零五年 三月三十一日
Directors:	董事：			
Chan Sik Ming, Harry	陳錫明	—	4,600,000	4,600,000
Lo Sun Wah	勞新華	—	500,000	500,000
Hiroto Sasaki	佐佐木弘人	—	4,600,000	4,600,000
Au-Yeung Wai Hung	歐陽偉洪	—	4,600,000	4,600,000
		—	14,300,000	14,300,000
Other employees:	其他僱員：			
In aggregate	總數	—	1,950,000	1,950,000
		—	16,250,000	16,250,000

These share options were granted by the Company on 15 June 2004 and are exercisable during the period from 15 June 2004 to 14 June 2009 at an exercise price of HK\$0.20 per share, subject to adjustment. The closing price of the Company's shares at the date of grant of these share options on 15 June 2004 was HK\$0.192 per share. The directors do not consider it appropriate to disclose a theoretical value of the options granted during the year because, in the absence of a readily available market value of the options on the ordinary shares of the Company, the directors were unable to arrive at an assessment of the value of these options.

At the balance sheet date, the Company had 16,250,000 share options outstanding under the Scheme, which represented approximately 3.5% of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 16,250,000 additional ordinary shares of the Company and additional share capital of HK\$1,625,000 and share premium of HK\$1,625,000 (before issue expenses).

該等股份期權於二零零四年六月十五日由本公司授予，可按每股港幣0.20元（受制於調整）之行使價在二零零四年六月十五日至二零零九年六月十四日期間被行使。本公司於二零零四年六月十五日（即該等股份期權之授出日期）之股份收市價為港幣0.192元。由於本公司普通股之股份期權並無可資比較市值，董事認為披露本年度內所授出股份期權之理論值並不適當，故董事未能就該等股份期權之價值作出評估。

於結算日，本公司在該計劃下尚有16,250,000份股份期權未被行使，有關數目相等於該日本公司已發行股份約3.5%。若剩餘之股份期權獲全數行使，在本公司現時之股本架構下，本公司需發行額外16,250,000股普通股，及帶來額外之股本港幣1,625,000元及扣除發行費用前之股份溢價港幣1,625,000元。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註 (續)**

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

23. RESERVES**(a) Group**

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in the equity on page 28 of the financial statements.

The Group's contributed surplus represents the difference between the nominal value of the Company's shares issued pursuant to the Group reorganisation in 1989 and the nominal value of the share capital and the share premium accounts of the subsidiaries acquired.

(b) Company

		Share premium account 股份溢價賬 HK\$'000 港幣千元	Contributed surplus 繳入盈餘 HK\$'000 港幣千元	Accumulated losses 累積虧損 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 1 April 2003	於二零零三年四月一日	90,038	38,295	(24,143)	104,190
Net loss for the year	年度虧損淨額	—	—	(855)	(855)
At 31 March 2004 and at 1 April 2004	於二零零四年三月三十一日 及二零零四年四月一日	90,038	38,295	(24,998)	103,335
Net profit for the year	年度純利	—	—	20	20
At 31 March 2005	於二零零五年三月三十一日	90,038	38,295	(24,978)	103,355

The Company's contributed surplus is derived from the difference between the combined net assets of the subsidiaries acquired and the nominal value of the Company's shares issued pursuant to the same reorganisation described in note 23(a) above. Under the Companies Act 1981 of Bermuda (as amended), a company may make distributions to its members out of the contributed surplus under certain circumstances.

23. 儲備**(a) 本集團**

本集團於本年度及上年度之儲備及其變動之數額乃列於財務報告第28頁所載述之綜合權益變動表內。

本集團之繳入盈餘乃指一九八九年本集團進行重組而發行之本公司股份之面值與所收購附屬公司之股本及股份溢價賬之面值兩者之差額。

(b) 本公司

本公司之繳入盈餘乃來自所收購附屬公司之合併資產淨值與本公司因上述於附註23(a)之重組而發行之股份面值兩者之差額。根據百慕達一九八一年公司法（經修訂），一間公司可於若干情況下從繳入盈餘中向其股東作出分派。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註 (續)**

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

24. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

During the year, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of HK\$20,653,000 (2004: Nil).

25. CONTINGENT LIABILITIES

(i) The Company has provided corporate guarantees of HK\$46 million (2004: HK\$72 million) to the Group's bankers to secure banking facilities granted to certain of its subsidiaries. At 31 March 2005, the facilities were utilised to the extent of HK\$29,966,000 (2004: HK\$25,090,000).

(ii) The Company has provided corporate guarantees to certain leasing companies to secure the leasing facilities granted to a subsidiary. At 31 March 2005, the total outstanding balance of finance lease and hire purchase contract payables amounted to HK\$18,879,000 (2004: HK\$4,181,000) (note 19).

(iii) The Company has provided corporate guarantees to a finance company to secure loan facilities granted to a subsidiary. At 31 March 2005, the outstanding loan balance was HK\$3,393,000 (2004: HK\$5,410,000) (note 20).

24. 綜合現金流量表附註

本年度內，本集團訂立融資租約安排添置固定資產，所涉及之總資本值於租約生效時為港幣20,653,000元（二零零四年：無。）。

25. 或然負債

(i) 本公司就銀行給予若干附屬公司之信貸額作出公司擔保約港幣46,000,000元（二零零四年：港幣72,000,000元）。於二零零五年三月三十一日，已動用信貸額為港幣29,966,000元（二零零四年：港幣25,090,000元）。

(ii) 本公司就若干租賃公司給予附屬公司之租賃融資作出公司擔保。於二零零五年三月三十一日，尚未償還的融資租約及租購合同應付款項為港幣18,879,000元（二零零四年：港幣4,181,000元）（附註19）。

(iii) 本公司就財務公司給予附屬公司的信貸作出公司擔保。於二零零五年三月三十一日，貸款結欠為港幣3,393,000元（二零零四年：港幣5,410,000元）（附註20）。

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註** (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

26. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for these properties are negotiated for terms ranging from two months to two years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases for land and buildings falling due as follows:

26. 營業租約承擔

本集團根據營業租約安排租用若干辦公室物業。此等物業租賃期經商討下訂為由二個月至二年。

於結算日，在不可撤銷之土地及樓宇營業租約下，本集團須按以下期間支付未來最低租金總額如下：

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Within one year	一年內	391	332
In the second to fifth years, inclusive	第二至第五年（包括首尾兩年在內）	470	—
		861	332

27. COMMITMENTS

In addition to the operating lease commitments detailed in note 26 above, the Group had the following commitments at the balance sheet date:

27. 承擔

除詳載於上文附註26之營業租約承擔外，於結算日，本集團尚有下列承擔：

		Group 本集團	
		2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
Capital commitments, contracted but not provided for, in respect of machinery and equipment	資本支出承擔 已簽訂合約但未入賬 關於 機器及設備	6,064	—

NOTES TO FINANCIAL STATEMENTS (Continued)**財務報告附註 (續)**

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

28. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year:

			Group 本集團	
			2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元
		Notes 附註		
Sale of printed circuit boards to a related party	銷售綫路板予一位關連人士	(i)	28,725	36,360
Technical support fees paid to a related party	支付技術支援費予一位關連人士	(ii)	742	—
Consultancy fees paid to a related party	支付顧問費予一位關連人士	(iii)	960	320

Notes:

- (i) Printed circuit boards were sold to a subsidiary of Daisho Denshi Co., Ltd., a substantial shareholder of the Company, and the products sold were unique and tailor-made to the customer's requirements and specifications. The selling prices of the printed circuit boards were determined based on the complexity of the specifications and were agreed between the respective parties.
- (ii) Technical support fees were paid to Daisho Denshi Co., Ltd. for the provision of technical support services for the Group's manufacturing of printed circuit boards. The technical support fees were determined on bases agreed between the respective parties.
- (iii) Consultancy fees representing the provision of consultancy services in relation to the marketing and sale of the Group's printed circuit boards were paid to a related party in which a director and shareholder is a substantial shareholder and former director of the Company. The consultancy fees were charged at HK\$80,000 per month based on the terms of the agreement as agreed between the respective parties.

The above related party transactions also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

27. 關連人士交易

在年度內本集團與關連人士有下列交易：

		Group 本集團	
	2005 二零零五年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	
Notes 附註			
(i)	28,725	36,360	
(ii)	742	—	
(iii)	960	320	

附註：

- (i) 本集團銷售綫路板予本公司一位主要股東 — 大昌電子株式會社之一間附屬公司，而有關產品具獨特性及因應客戶之要求及規格而度身製造。綫路板之銷售價取決於規格之複雜性，並由相關人士協議。
- (ii) 本集團支付技術支援費予大昌電子株式會社作為提供本集團製造綫路板之技術支援服務。技術支援費取決於相關人士協議之基準。
- (iii) 本集團支付顧問費予一位關連人士作為提供關於綫路板營銷顧問服務，該關連人士其中一位董事及股東乃本公司一位主要股東及前任董事。每月港幣80,000元之顧問費是根據相關人士同意之協議下之條款。

上述關連交易亦構成上市規則第14A章定義下之關連交易。

NOTES TO FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

Year ended 31 March 2005 截至二零零五年三月三十一日止年度

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 July 2005.

29. 財務報告之批准

董事會已於二零零五年七月二十二日批准及授權發出本財務報告。



DAISHO MICROLINE HOLDINGS LIMITED

(Formerly known as "Suwa International Holdings Limited")
(Incorporated in Bermuda with limited liability)

PROXY FORM FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD ON TUESDAY, 23 AUGUST 2005

I/We ^(note 1) _____ of _____

being the registered holder(s) of ^(note 2) _____ shares of HK\$0.10 each in the capital of **DAISHO MICROLINE HOLDINGS LIMITED** (the "Company"), hereby appoint ^(note 3) _____

or failing him _____ of _____
or failing him, the Chairman of the meeting to act as my/our proxy to attend and, in the event of a poll, vote for me/us at the Annual General Meeting of the Company (or at any adjournment thereof) to be held at Units B12-16, 3rd Floor, Block B, Hoplite Industrial Centre, 3-5 Wang Tai Road, Kowloon Bay, Hong Kong, on Tuesday, 23 August 2005, at 10:30 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out in the notice convening the meeting and at such meeting to vote for me/us and in my/our name(s) as directed below or, if no such indication is given, as my/our proxy thinks fit.

Ordinary Resolution	For ^(note 4)	Against ^(note 4)
1. To receive and adopt the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2005		
2. (a) To re-elect Directors		
(i) Motofumi Tsumura		
(ii) Hiroto Sasaki		
(iii) Taro Akashi		
(iv) Chan Yuk Tong		
(b) To fix the number of directors to twelve		
(c) To authorise the Board of Directors to fix the remuneration of the directors		
3. (a) To appoint Ernst & Young as Auditors for the ensuing year		
(b) To authorise the Board of Directors to fix the remuneration of the Auditors		
4. To empower the Directors to allot or issue shares		

Dated _____ Signature ^(note 5) _____

Notes:

- Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
- Please insert the number of shares of HK\$0.10 each in the Company registered in your name(s) and to which this proxy form relates. If no number is inserted, this proxy form will be deemed to relate to all shares in the capital of the Company registered in your name(s).
- Please insert the name and address of the proxy desired in **BLOCK CAPITALS**. **IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS YOUR PROXY.** A proxy need not be a member of the Company, but must attend the meeting in person to represent you.
- IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, PLEASE PLACE A "✓" IN THE RELEVANT BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST A RESOLUTION, PLEASE PLACE A "✓" IN THE RELEVANT BOX MARKED "AGAINST".** Failure to complete either box will entitle your proxy to cast your vote or abstain at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those referred to in the notice convening the meeting.
- This proxy form must be signed by you or your attorney duly authorized in writing or, in the case of corporation, this proxy form must be under its common seal or under the hand of an officer or attorney duly authorized.
- In the case of joint holder of shares, if more than one of the joint holders is present at the meeting personally or by proxy then the person whose name stands first on the register of members in respect of the relevant share(s) will alone be entitled to vote in respect of the relevant joint holding.
- To be valid, this proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's branch registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- Any alterations made to this proxy form must be initialled by the person who signs it.