DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 567)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2006

FINANCIAL HIGHLIGHTS

- Revenue of HK$623 million at record high, up 141% from 2005
- Profit attributable to ordinary equity holders of HK$109 million at record high against loss of HK$14 million for 2005
- Basic earnings per share of HK23.27 cents at record high against loss per share of HK3.06 cents for 2005
- Proposed final dividend of HK3 cents per share against no final dividend for 2005
- Net assets of HK$237 million at record high, up 91% from 2005

The Board of Directors (the "Board") of Daisho Microline Holdings Limited (the "Company") is pleased to present the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2006 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2006	2005
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**623,238**	258,237
Cost of sales		**(345,028)**	(224,813)
Gross profit		**278,210**	33,424
Other income and gains		**4,406**	1,577
Selling and distribution costs		**(113,968)**	(24,323)
Administrative expenses		**(33,066)**	(22,671)
Other expenses		**(2,847)**	(800)
Finance costs	*4*	**(2,560)**	(1,472)
PROFIT/(LOSS) BEFORE TAX	*5*	**130,175**	(14,265)
Tax	*6*	**(21,121)**	–
PROFIT/(LOSS) FOR THE YEAR		**109,054**	(14,265)
Attributable to equity holders of the Company		**109,054**	(14,265)
DIVIDEND			
Proposed final	*7*	**14,252**	–
EARNINGS / (LOSS) PER SHARE	*8*		
– Basic		**HK23.27 cents**	(HK3.06 cents)
– Diluted		**HK22.98 cents**	(HK3.06 cents)

CONSOLIDATED BALANCE SHEET

	Notes	31 March 2006 HK$'000	31 March 2005 (Restated) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**242,873**	131,509
Prepaid land lease payments		**4,069**	4,121
Deposits paid for acquisition of items of property, plant and equipment		**19,270**	–
Total non-current assets		**266,212**	135,630
CURRENT ASSETS			
Inventories		**38,762**	38,564
Trade debtors	10	**135,751**	62,996
Sundry debtors, prepayments and deposits		**8,862**	2,760
Cash and bank balances		**53,355**	7,169
Total current assets		**236,730**	111,489
CURRENT LIABILITIES			
Trade creditors	11	**89,427**	51,685
Other creditors and accruals		**94,062**	18,646
Interest-bearing bank and other borrowings		**32,208**	36,604
Tax payable		**9,187**	–
Total current liabilities		**224,884**	106,935
NET CURRENT ASSETS		**11,846**	4,554
TOTAL ASSETS LESS CURRENT LIABILITIES		**278,058**	140,184
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**34,217**	15,634
Deferred tax liabilities		**6,500**	–
Total non-current liabilities		**40,717**	15,634
Net assets		**237,341**	124,550
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**47,176**	46,601
Reserves		**175,913**	77,949
Proposed final dividend		**14,252**	–
Total equity		**237,341**	124,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

The accounting policies and methods of computation used in the preparation of these financial statements are the same as those adopted in preparing the annual audited financial statements for the year ended 31 March 2005, except that the Group has changed certain of its accounting policies following its adoption of the new/revised HKFRSs which are effective for accounting periods beginning on or after 1 January 2005.

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

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 1, 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 27, 32, 33, 36, 37, 39 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 17 – Leases

In prior years, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from property, plant and equipment to prepaid land lease payments, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid land premiums for land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term.

This change in accounting policy has had no effect on the consolidated income statement and retained profits. The comparative amounts as at 31 March 2005 in the consolidated balance sheet have been restated to reflect the reclassification of the leasehold land.

(b) HKFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options.

The Group has adopted the transitional provisions of HKFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 April 2005.

As the Group did not have any employee share options which were granted during the period from 7 November 2002 to 31 March 2005 but had not been vested before 1 April 2005, the adoption of HKFRS 2 has had no impact on the retained profits as at 31 March 2004 and at 31 March 2005. The Group has not recognised in the current year's income statement the cost of 150,000 share options granted by the Company during the year since in the opinion of the directors, the values of such share options did not have a significant impact on the Group's results for the year.

3. REVENUE

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

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

(a) Business segment

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

(b) Geographical segments

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

	Year ended 31 March	
	2006	2005 (Restated)
	HK$'000	*HK$'000*
Segment revenue:		
Sales to external customers		
Mainland China	**291,792**	68,880
Hungary	**106,798**	12,483
Estonia	**74,033**	76,761
Hong Kong	**48,905**	40,087
Japan	**38,375**	28,740
Others	**63,335**	31,286
	623,238	258,237

	31 March 2006	31 March 2005
	HK$'000	*HK$'000*
Other segment information:		
Segment assets		
Mainland China	**343,237**	182,956
Hong Kong	**159,705**	64,163
	502,942	247,119
Capital expenditure		
Mainland China	**147,667**	29,955
Hong Kong	**950**	103
	148,617	30,058

4. FINANCE COSTS

	Year ended 31 March	
	2006	2005
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**1,228**	1,313
Finance leases and hire purchase contracts	**1,332**	159
	2,560	1,472

5. PROFIT/(LOSS) BEFORE TAX

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

	Year ended 31 March	
	2006	2005
		(Restated)
	HK$'000	*HK$'000*
Depreciation	**38,305**	33,256
(Gain)/loss on disposal of items of property, plant and equipment	**(2,771)**	19
Bank interest income	**(220)**	(25)
Other income	**(1,415)**	(1,552)

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for profits tax had been made for the prior year as the Company and its subsidiaries either had no assessable profits for that year or had utilised tax losses brought forward from prior years to offset the assessable profits arising during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Year ended 31 March	
	2006	2005
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**4,300**	–
Current – Elsewhere		
Charge for the year	**9,669**	–
Underprovision in prior years	**652**	–
Deferred	**6,500**	–
Total tax charge for the year	**21,121**	–

7. DIVIDEND

	Year ended 31 March	
	2006	2005
	HK$'000	*HK$'000*
Proposed final – HK 3 cents (2005: Nil) per ordinary share	**14,252**	–

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

8. EARNINGS/(LOSS) PER SHARE

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

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

As the share options outstanding during the year ended 31 March 2005 had an anti-dilutive effect, therefore the diluted loss per share was equal to the basic loss per share for that year.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Year ended 31 March	
	2006	2005
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	**109,054**	(14,265)

	Number of shares	Number of shares
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**468,629,264**	466,013,785
Effect of dilution – weighted average number of ordinary shares: share options	**5,869,704**	–
	474,498,968	466,013,785

9. PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 March	
	2006	2005
	HK$'000	*HK$'000*
Purchase of plant and equipment for the year	**148,617**	30,058

10. TRADE DEBTORS

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

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

	31 March 2006 HK$'000	31 March 2005 HK$'000
Current to 1 month	**133,721**	60,525
1 to 2 months	**1,344**	1,007
2 to 3 months	**46**	225
Over 3 months	**640**	1,239
	135,751	62,996

11. TRADE CREDITORS

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

	31 March 2006 HK$'000	31 March 2005 HK$'000
Current to 1 month	**74,937**	45,131
1 to 2 months	**12,150**	4,655
2 to 3 months	**1,373**	1,679
Over 3 months	**967**	220
	89,427	51,685

The trade creditors are non-interest-bearing and are normally settled on credit terms of 90 days.

12. CAPITAL COMMITMENTS

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

	31 March 2006 HK$'000	31 March 2005 HK$'000
Capital commitments, contracted but not provided for, in respect of acquisition of items of property, plant and equipment	**59,641**	6,064

13. COMPARATIVE AMOUNTS

As further explained in note 2 above, due to the adoption of new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

After riding the difficult operating period in last year, the Group experienced a fast-growing stage in current year. Thanks to the huge customers' demand for High Density Inter-connect ("HDI") printed circuit board ("PCB") and the Group's timely investment in a series of sophisticated machines to cope with the foreseeable increase in sales orders for HDI PCB, the Group's revenue, net profit and earnings per share for the current year together with the net assets at current year end were all at record high.

The Group's revenue for the current year exceeded last year by about HK$365 million or 141%. It was a great leap forward resulting mainly from the fact that the Group has become an approved vendor in the provision of HDI PCB to its world-renowned telecommunication products customers from December 2004 onwards after passing through these customers' lengthy and stringent approval process. The sales value of HDI PCB for the current year and the last year were about HK$405 million and HK$96 million respectively, which represented about 65% and 37% respectively on the Group's revenue.

HDI PCB has become the main stream of PCB used for mobile phones nowadays. It normally means those PCB with hole diameter less than 0.15mm, hole circumference less than 0.25mm, connecting density over 130 connecting points per square inch or line density over 117 inches per square inch. Due to the requirement for heavy investment in sophisticated machines and the various technical difficulties confronted during production, there are not many PCB manufacturers who are capable of manufacturing high quality HDI PCB with large volume and short delivery time. Accordingly, the selling price and the profit margin for HDI PCB are generally higher than those for normal multi-layer PCB. The Group has a competitive edge in the manufacturing of HDI PCB partly because it can directly obtain strong technical support from Daisho Denshi Co., Ltd. who is not only one of the Company's substantial shareholders but also one of the top manufacturers of highly delicate PCB in Japan.

The Group's gross profit percentage has improved significantly from about 13% for the last year to about 45% for the current year. The poor profit margin for the last year was primarily attributable to the sharp increase in the purchase prices of certain major raw material items such as copper foil and laminate etc. together with the Group's strategic postponement of selling price increase. On the contrary, the appealing profit margin for the current year was mainly due to more sales of HDI PCB with higher profit margin as mentioned above together with the benefits derived from economy of scale such as volume discount on bulk purchase of raw materials and lower average fixed costs per unit.

Apart from the provision of routine sales support services to the customers, the Group's European sales offices are also responsible for gathering relevant customer and market information regularly together with providing constructive advice to the Board for strategic planning. In fact, the Group's overseas sales offices help generating 82% and 62% of the Group's revenue for the current year and the last year respectively. Although the selling and distribution costs (mainly related to the Group's overseas sales offices) increased substantially from about 9% on the Group's revenue for the last year to about 18% on the Group's revenue for the current year, they were fully justified because the Group's overseas sales offices were indispensable to the record results of the Group for the current year.

FINANCIAL REVIEW

In order to ensure the timely availability of the necessary machines to cope with the huge customers' demand for HDI PCB, the Group ordered the purchase of plant and equipment amounting to about HK$228 million during the current year. Up to the current year end, the amounts of the machines received which were financed out of the Group's internal resources and the external finance lease facilities were about HK$87 million and HK$44 million respectively. Out of about HK$79 million worth of machines which were received after the current year end, the Group had paid deposits of about HK$19 million during the current year. Shortly after the current year end, the Group was granted further external finance lease facilities and bank loan facility amounting to about HK$51 million and HK$30 million respectively, which were used mainly for settling the capital commitments at the current year end on the purchase of plant and equipment.

As at 31 March 2006, the Group's interest-bearing bank and other borrowings amounting to HK$66,425,000 (31 March 2005: HK$52,238,000) out of which HK$32,208,000 (31 March 2005: HK$36,604,000) were repayable within the next 12 months. These borrowings were all denominated in either Hong Kong dollars ("HK$") or United States dollars ("US$"), originally repayable monthly over 3 years (except for the bank borrowings totaling HK$4,501,000 (31 March 2005: HK$24,414,000) which were originally repayable within 3 months) and subjected to floating interest rates for about 79% (31 March 2005: 86%) of them. The Group has not adopted any interest rate hedging tool for these borrowings. Certain machinery and equipment of the Group with a net book value at 31 March 2006 of HK$70,089,000 (31 March 2005: HK$28,484,000) were pledged to secure these borrowings.

The Group's gearing ratios (defined as the ratio of interest-bearing bank and other borrowings to total equity) at 31 March 2006 and 31 March 2005 were 0.28 times and 0.42 times respectively while the Group's current ratios at 31 March 2006 and 31 March 2005 were 1.05 times and 1.04 times respectively. Although the Group's PCB operations generated net cash inflow of about HK$185 million during the current year, these financial ratios had not improved substantially mainly because of the payment for the purchase of machines during the current year as mentioned above.

The Group's assets or liabilities were mostly denominated in either HK$, US$ or Renminbi ("RMB"). Because the exchange rate for US$ against HK$ is relatively stable in Hong Kong for the moment, the Group does not expect any significant exchange difference relating to its assets or liabilities denominated in US$. Since the Group's subsidiary in Mainland China has net assets and RMB is likely to appreciate in the future, there is only remote possibility that the Group will suffer exchange loss on translation of these net assets. Hence, the Group's negative exposure to fluctuation in exchange rates for US$ and RMB is insignificant and therefore the Group has not adopted any foreign currency hedging tool.

EMPLOYEE BENEFITS

As at 31 March 2006, the Group had 2,001 (31 March 2005: 1,169) employees, including directors, working mainly in Mainland China. For the year ended 31 March 2006, the Group's total staff costs including directors' remuneration were HK$39,197,000 (2005: HK$24,667,000).

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

The Company operates a share option scheme (the "Scheme") for the purpose of encouraging the eligible participants to perform their best in achieving the goals of the Company and at the same time allowing the eligible participants to enjoy the results of the Company attained through their effort and contribution. Eligible participants of the Scheme include (i) any full-time employees of the Company or any of its subsidiaries or associated companies; (ii) any directors (whether executive directors, non-executive directors or independent non-executive directors) of the Company or any of its subsidiaries or associated companies; and (iii) any consultants, technical, financial, legal or other professional advisers engaged by the Company or any of its subsidiaries or associated companies, provided that the Company's board of directors or a duly authorised committee may have absolute discretion to determine whether one falls within the categories. The Scheme became effective on 28 August 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

OUTLOOK

Dr. Hayao Nakahara in his article – "Worldwide PCB output for 2005" as published in the July 2006 issue of "Printed Circuit Design & Manufacture" magazine estimated that the global PCB output for 2005 was US$42.5 billion of which more than 80% was manufactured in Asia Pacific countries. In 2005, Japan ranked number 1 with PCB output of US$10.45 billion and Mainland China ranked number 2 with PCB output of US$10.06 billion. He further estimated that the PCB capacity growth rate in Mainland China with about 20% per annum in the next few years would be the highest in the world and Mainland China would become the top PCB output country from 2006 onwards.

Undoubtedly, Mainland China has become a major PCB production base in the world and gradual shifting of PCB orders from other countries to the PCB manufacturers in Mainland China is expected. Besides, Mainland China has also become the top mobile phone users country. It is expected that the third generation ("3G") telecommunication service providers will soon obtain the licence to operate in Mainland China and there will be a huge demand for 3G mobile phones, which in turn will stimulate the demand for HDI PCB.

The Group can definitely benefit when the above expectations come up because the Group enjoys certain competitive advantages at present. Firstly, the Group's PCB factories in Mainland China are equipped with sophisticated machines well suited for the manufacture of HDI PCB. Secondly, the Group has a strong technical support in the production of delicate PCB through the alliance with Daisho Denshi Co., Ltd. who is one of the top manufacturers of highly delicate PCB in Japan. Thirdly, the Group has a strong customer base with many world-renowned customers who are willing to pay a premium for high quality PCB and with whom the Group has long term business relationship.

Although the Group's PCB production capacity fell short of the customers' demand during the first quarter of the financial year ending 31 March 2007, the growth momentum for the Group's revenue persists in the same period with a growth rate of about 30% as compared to the fourth quarter of current year. In light of the huge customers' demand for HDI PCB and other valid reasons, the Board is currently exploring various scenarios in enhancing the Group's PCB production capacity and capability. However attractive a scenario seems, the Board will be extremely cautious not to under-estimate any business risks and financial risks involved.

Although the year ahead looks promising, the Board is wary of the challenging factors that could adversely affect the Group.

First of all, the Group could exert no influence to any mismatch in the worldwide demand and supply of non-ferrous metals used in the manufacture of major raw material items for PCB production. It is noteworthy that the purchase prices of gold and copper etc. have once reached their record high during the year 2005 due to their huge demand in excess of their supply. If there is any such mismatch which will drive up the purchase prices of major raw material items steeply and the Group cannot shift the burden wholly to the customers, the Group will suffer because the cost of raw material is still a significant component of the Group's cost of sales.

Besides, the Group is currently quite heavily relying on its telecommunication products customers from whom about 74% of the Group's revenue for the current year was 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 broaden the customer base of the Group gradually so as to alleviate the impact which may result from relying too much on a particular type of customer.

The PCB manufacturing technology is ever changing and the PCB manufacturers must continuously invest in modern machinery and equipment in order to meet the customers' ever changing requirement. The Group ordered for the purchase of plant and equipment amounting to about HK$228 million during the current year. If the machinery and equipment bought by the Group become obsolete due to the customers' new requirements, the Group will be required to dispose of them or write them off.

The petroleum price has remained at a fairly high level during the year 2006. The interest rates for US$ and HK$ are expected to maintain at a high level for the year 2006. The RMB is likely to appreciate in the near future. Although these economic 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 optimistic about the results of the Group for the year ahead barring any unforeseen circumstance.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK3 cents per share for the year ended 31 March 2006. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting, the final dividend will be paid in cash on 28 September 2006 to shareholders whose names appear on the register of members of the Company on 8 September 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 September 2006 to 8 September 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 5 September 2006.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2006, except for the following deviations:

Code Provision A.1.1 stipulates that regular board meetings should be held at least four times a year. There was only two regular board meetings held during the year ended 31 March 2006 because some executive directors who were also top management of the Group were busy at planning the purchase of sophisticated machines for the Group during the current year in order to cope with the foreseeable increase in sales orders for HDI PCB. The Board will arrange at least four regular board meetings during the year ending 31 March 2007.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and CEO and Mr. Chan Sik Ming, Harry currently holds both positions. The Board believes that vesting the roles of both Chairman and CEO in the same person ensures consistent leadership within the Group and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board believes that the balance of power and authority will not be impaired and is adequately ensured by an effective Board which comprises experienced and high calibre individuals with a sufficient number thereof being independent non-executive directors ("INED(s)").

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The INEDs of the Company do not have a specific term of appointment, but subject to retirement by rotation and re-election in accordance with the relevant provisions of the Company's Bye-laws.

Code Provision B.1.1 stipulates that the Company should establish a Remuneration Committee with specific written terms of reference which deal clearly with its authority and duties. On 22 December 2005, the Board has approved to establish a Remuneration Committee comprising the existing three INEDs and two executive directors with specific written terms of reference.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report to be contained in the Company's Annual Report for the year ended 31 March 2006 which will be dispatched to the shareholders in due course.

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

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

AUDIT COMMITTEE

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

The Audit Committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2006 and agreed with all the accounting treatments which have been adopted therein.

PUBLICATION OF FURTHER INFORMATION

The Company's Annual Report for the year ended 31 March 2006 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of the Stock Exchange in due course.

By Order of the Board
Chan Sik Ming, Harry
Chairman

Hong Kong, 18 July 2006

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

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

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