Yeebo (International Holdings) Limited

(Incorporated in Bermuda with limited liability)

Interim Report 2005

For the six months ended 30th September, 2005

The Board of Directors of Yeebo (International Holdings) Limited (the "Company") has pleasure in presenting the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2005 which have been reviewed by the Company's audit committee and the auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2005

		Six months ended	
		30.9.2005	30.9.2004
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover		**203,228**	209,340
Cost of sales		**(173,869)**	(168,290)
Gross profit		**29,359**	41,050
Other income		**5,409**	1,353
Gain arising from fair value changes of investments held for trading		**16,002**	1,776
Gain arising from fair value changes of derivative financial instruments		**7,839**	–
Selling and distribution expenses		**(10,782)**	(11,996)
Administrative expenses		**(12,226)**	(14,295)
Finance costs		**(1,186)**	(1,229)
Share of results of associates		**(2,443)**	(2,771)
Profit before income tax		**31,972**	13,888
Income tax expense	*5*	**(1,431)**	(1,188)
Profit for the period	*6*	**30,541**	12,700
Proposed dividend	7	**–**	–
Earnings per share	*8*		
Basic		**HK2.93 cents**	HK1.22 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th September, 2005

	Notes	30.9.2005 (Unaudited) HK$'000	31.3.2005 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	9	**176,884**	184,570
Investment properties	9	**–**	1,200
Deposits for acquisition of plant and equipment		**1,518**	1,912
Interests in associates		**31,900**	34,033
Investments in non-trading securities		**–**	10,550
Available-for-sale investments	10	**142,791**	–
Club debentures		**1,459**	1,459
		354,552	233,724
Current assets			
Inventories		**84,203**	99,747
Trade and other receivables	11	**105,443**	85,621
Bills receivable		**552**	308
Amount due from an associate		**2,877**	–
Investments held for trading		**105,505**	89,318
Tax recoverable		**1,165**	456
Bank balances and cash		**67,041**	169,686
		366,786	445,136
Current liabilities			
Trade and other payables	12	**74,372**	90,599
Bills payable		**4,672**	913
Amount due to an associate		**3,280**	3,513
Derivative financial instruments		**384**	8,223
Bank loan – due within one year	13	**9,000**	–
		91,708	103,248
Net current assets		**275,078**	341,888
Total assets less current liabilities		**629,630**	575,612
Non-current liabilities			
Bank loan – due after one year	13	**27,000**	–
Deferred taxation		**18**	18
		27,018	18
		602,612	575,594
Capital and reserves			
Share capital	14	**208,713**	208,713
Reserves		**393,899**	366,881
		602,612	575,594

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2005

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Investment property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Acc-umulated profits HK$'000	Total HK$'000
At 1st April, 2004	208,713	147,303	2,125	1,347	61,292	–	(9)	34,386	455,157
Effects of changes in accounting policy	–	–	–	–	(10,832)	–	–	–	(10,832)
As restated	208,713	147,303	2,125	1,347	50,460	–	(9)	34,386	444,325
Revaluation increase of investment properties	–	–	–	–	126,000	–	–	–	126,000
Deferred tax liability arising on revaluation of investment properties	–	–	–	–	(22,050)	–	–	–	(22,050)
Share of reserve of an associate	–	–	–	–	–	–	(2)	–	(2)
Net income (expense) directly recognised in equity	–	–	–	–	103,950	–	(2)	–	103,948
Profit for the period	–	–	–	–	–	–	–	12,700	12,700
Total recognised income and expense for the period	–	–	–	–	103,950	–	(2)	12,700	116,648
Dividend paid *(Note 7)*	–	–	–	–	–	–	–	(10,436)	(10,436)
At 30th September, 2004 (Unaudited) and 1st October, 2004	208,713	147,303	2,125	1,347	154,410	–	(11)	36,650	550,537
At 31st March, 2005 and 1st April, 2005	208,713	147,303	2,125	1,347	–	(277)	(61)	216,444	575,594
Gain on fair value change of available-for-sale investments	–	–	–	–	–	11,818	–	–	11,818
Share of reserve of an associate	–	–	–	–	–	–	312	–	312
Net income directly recognised in equity	–	–	–	–	–	11,818	312	–	12,130
Profit for the period	–	–	–	–	–	–	–	30,541	30,541
Total recognised income and expense for the period	–	–	–	–	–	11,818	312	30,541	42,671
Dividend paid *(Note 7)*	–	–	–	–	–	–	–	(15,653)	(15,653)
At 30th September, 2005 (unaudited)	208,713	147,303	2,125	1,347	–	11,541	251	231,332	602,612

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September, 2005

	Six months ended	
	30.9.2005	30.9.2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash generated from operating activities	**2,858**	689
Net cash used in investing activities	**(124,429)**	(39,883)
Net cash generated from financing activities	**18,926**	42,512
Net (decrease) increase in cash and cash equivalents	**(102,645)**	3,318
Cash and cash equivalents at beginning of the period	**169,686**	9,972
Cash and cash equivalents at end of the period, represented by bank balances and cash	**67,041**	13,290

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2005

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public of Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for investment properties and financial instruments which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2005 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of share of tax of associates has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

Goodwill

In the current period, the Group has applied the transitional provisions of HKFRS 3 "Business Combinations" to goodwill acquired in business combinations for which the agreement date was before 1st January, 2005. The principal effects of the application of the transitional provisions of HKFRS 3 to the Group are summarised below:

In previous periods, goodwill arising on acquisitions after 1st April, 2001 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. With respect to goodwill previously capitalised on the balance sheet, the Group on 1st April, 2005 eliminated the carrying amount of the related accumulated amortisation of HK$295,000 with a corresponding decrease in the cost of goodwill. The Group has discontinued amortising such goodwill from 1st April, 2005 onwards and such goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period. Comparative figures for 2004 have not been restated (see Note 3 for the financial impact).

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments

In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31st March, 2005, the Group classified and measured its debt and equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 (SSAP 24) issued by the HKICPA. Under SSAP 24, investments in debt or equity securities are classified as "trading securities", "non-trading securities" or "held-to-maturity investments" as appropriate. Both "trading securities" and "non-trading securities" are measured at fair value. Unrealised gains or losses of "trading securities" are reported in the profit or loss for the period in which gains or losses arise. Unrealised gains or losses of "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for that period. From 1st April, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

On 1st April, 2005, the Group classified the non-trading securities as "available-for-sale financial assets" and are carried at fair value. For trading securities, they are classified as investments held for trading under "financial assets at fair value through profit or loss". These changes have had no effect on the Group's accumulated profits at 1st April, 2005.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Derivatives

From 1st April, 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the period in which they arise. These changes have had no effect on the Group's accumulated profits as at 1st April, 2005 as the changes in fair value of the derivative financial instruments were already recognised in the consolidated income statement for the year ended 31st March, 2005.

Investment properties

In the current period, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. In previous periods, investment properties under the predecessor SSAP were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation increase subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1st April, 2005 onwards. This change has had no material effect on the Group's accumulated profits at 1st April, 2005.

Deferred taxes related to investment properties

In previous periods, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequences that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current period, the Group has applied HKAS Interpretation ("INT") 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the amount of the property at each balance sheet date. In the absence of any transitional provisions in HKAS Interpretation 21, this change of accounting policy has been applied retrospectively. Comparative figures have been restated (see Note 3 for the financial impact).

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described above on the results for the current and prior periods are as follows:

	Six months ended 30th September, 2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Decrease in amortisation of goodwill (included in share of results of associates)	**127**	–
Increase in profit for the period	**127**	–

The financial effects of the application of the new HKFRSs to the Group's equity at 1st April, 2004, are summarised below:

	As originally stated *HK$'000*	INT 21 Adjustment *HK$'000*	As restated *HK$'000*
Investment property revaluation reserve	61,292	(10,832)	50,460

The Group has commenced considering the potential impact of the following new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Amendment)	Capital Disclosures
HKAS 39 (Amendment)	Actuarial Gains and Losses, Group Plants and Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC) – Int 4	Determining whether an Arrangement Contains a Lease
HK (IFRIC) – Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK (IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

4. BUSINESS SEGMENTS

The Group's primary format for reporting segment information is business segment.

Six months ended 30th September, 2005 (Unaudited):

	Liquid Crystal Display *HK$'000*	Liquid Crystal Module *HK$'000*	Investment Property Holding *HK$'000*	Others *HK$'000*	Total *HK$'000*
Turnover					
External sales	173,549	20,710	–	8,921	203,180
Rental income	–	–	48	–	48
	173,549	20,710	48	8,921	203,228
Result					
Segment result	12,023	(2,143)	45	1,047	10,972
Dividend income					2,167
Interest income					1,796
Gain arising from fair value changes of investments held for trading					16,002
Gain arising from fair value changes of derivative financial instruments					7,839
Unallocated overheads					(3,175)
Finance costs					(1,186)
Share of results of associates					(2,443)
Profit before income tax					31,972
Income tax expense					(1,431)
Profit for the period					30,541

4. BUSINESS SEGMENTS *(continued)*

Six months ended 30th September, 2004 (Unaudited):

	Liquid Crystal Display *HK$'000*	Liquid Crystal Module *HK$'000*	Investment Property Holding *HK$'000*	Others *HK$'000*	Total *HK$'000*
Turnover					
External sales	178,038	15,301	–	8,755	202,094
Rental income	–	–	7,246	–	7,246
	178,038	15,301	7,246	8,755	209,340
Result					
Segment result	11,976	(988)	5,724	2,414	19,126
Dividend income					475
Interest income					15
Gain arising from fair value changes of investments held for trading					1,776
Unallocated overheads					(3,504)
Finance costs					(1,229)
Share of results of associates					(2,771)
Profit before income tax					13,888
Income tax expense					(1,188)
Profit for the period					12,700

5. INCOME TAX EXPENSE

	Six months ended	
	30.9.2005	30.9.2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The tax charge comprises:		
Hong Kong Profits Tax	**1,431**	600
Deferred tax charge	**–**	588
	1,431	1,188

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the period.

No provision for the income tax in the People's Republic of China (the "PRC") has been made in the condensed financial statements as the operations in the PRC have no assessable profit for both periods.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended	
	30.9.2005	30.9.2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**16,269**	12,754
Amortisation of goodwill	**–**	127
Total depreciation and amortisation	**16,269**	12,881
Interest income	**(1,796)**	(15)
Gain on disposal of property, plant and equipment	**(170)**	(166)

7. DIVIDEND

On 23rd September, 2005, a dividend of HK1.5 cent per ordinary share (2004: HK1.0 cent) amounting to approximately HK$15,653,000 (2004: HK$10,436,000) was paid to shareholders as the final dividend for 2005.

The directors do not recommend the payment of an interim dividend.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Six months ended	
	30.9.2005	30.9.2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share	**30,541**	12,700
Number of ordinary shares for the purpose of basic earnings per share	**1,043,564,000**	1,043,564,000

No diluted earnings per share has been presented for both periods as there are no potential ordinary shares in issue.

9. MOVEMENT IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th September, 2005, the Group disposed of all of its investment properties with a carrying amount of HK$1,445,000. The Group also spent approximately HK$10,027,000 on the additions to the property, plant and equipment to expand its operations, and made an impairment loss of HK$1,433,000 in connection with the relocation of certain production lines of the Group.

10. AVAILABLE-FOR-SALE INVESTMENTS

During the six months ended 30th September, 2005, the Group acquired non-trading securities listed in Hong Kong and overseas amounting to approximately HK$120,422,000 with changes in fair value of HK$11,818,000 being credited to investment revaluation reserve.

11. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 30-120 days to its trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	30.9.2005	31.3.2005
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Up to 30 days	**37,213**	35,999
31 - 60 days	**29,861**	23,278
61 - 90 days	**13,625**	9,064
91 - 120 days	**6,530**	4,740
Over 120 days	**9,342**	5,643
	96,571	78,724
Other receivables	**8,872**	6,897
	105,443	85,621

12. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	30.9.2005	31.3.2005
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Up to 30 days	**10,443**	11,864
31 - 60 days	**10,108**	6,140
61 - 90 days	**4,898**	7,243
91 - 120 days	**1,039**	5,473
Over 120 days	**7,442**	7,525
	33,930	38,245
Other payables	**40,442**	52,354
	74,372	90,599

13. BANK LOAN

During the period, the Group obtained a new bank loan amounting to HK$40,500,000. The loan is unsecured, bears interest at the prevailing market rate and is repayable by 18 equal quarterly instalments of HK$2,250,000 each. The proceeds are used to finance capital expenditure and working capital requirement.

14. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.20 each		
Issued and fully paid		
At 31st March, 2005 and 30th September, 2005	**1,043,564**	208,713

15. RELATED PARTY TRANSACTIONS

During the period, the Group had the following related party transactions:

Name of related parties	Nature of transactions	Note	Six months ended 30.9.2005 (Unaudited) HK$'000	Six months ended 30.9.2004 (Unaudited) HK$'000
Crown Capital Holdings Limited	Accountancy service income	(a)	**180**	180
Directors	Remuneration		**1,397**	1,397

Note:

(a) The accountancy service income represents an appropriate allocation of costs incurred by the Group.

16. CAPITAL COMMITMENTS

	30.9.2005 (Unaudited) HK$'000	31.3.2005 (Audited) HK$'000
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the financial statements	**3,013**	1,386
Capital expenditure in respect of acquisition of associates authorised but not contracted for	**37,697**	–

17. EVENTS AFTER THE BALANCE SHEET DATE

On 29th November, 2005, the Group entered into a provisional sale and purchase agreement with an independent third party for a subscription of 40% of the paid-up capital in Nantong Jianghai Capacitor Co. Ltd. ("Nantong Jianghai") for a consideration of RMB40,000,000 (approximately HK$38,000,000).

On the same date, the Group entered into a provisional supplemental agreement for the granting of a loan to Nantong Jianghai for a maximum of RMB60,000,000 (approximately HK$58,000,000) and a further subscription of 10% in the paid-up capital of Nantong Jianghai in the first half of 2006.

Deloitte.
德勤

INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF YEEBO (INTERNATIONAL HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 1 to 14.

DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th September, 2005.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19th December, 2005

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations and Prospect

The Group recorded a turnover of HK$203 million for the six months period ended 30th September, 2005. As a result of the disposal of an investment property in February 2005, the rental income reduced from HK$7 million to HK$48,000 for current period. Excluding the investment property income, our display business turnover increased by HK$1 million but our gross profit ratio decreased from 17% to 14%. Previously, the Group had allocated substantial resources in developing the Liquid Crystal Display Modules ("LCM") business. A new LCM factory was set up in 2004 and advanced machineries were then installed to upgrade the production facility. Meanwhile, the Group expanded its distribution channels by engaging well-experienced sales representatives in USA and Europe. Results started to crystallize in the current period as the LCM sales grew strongly as compared to same period last year. On the other hand, Liquid Crystal Display ("LCD") business was under immense competition as more suppliers emerged in the market. Nevertheless, the Group's market positioning in the medium to high end segment and possession of a well-diversified customer portfolio fostered our competitive edge in the LCD market. Furthermore, the Group is re-organizing the production facilities with a view to achieve cost-saving effect.

The Group reported a profit before taxation of HK$32 million for the period. HK$16 million of the profit was contributed by gain arising from fair value changes of investment held for trading and HK$8 million of profit was generated by gain arising from fair value changes of derivative financial instruments.

The management is constantly reviewing and seeking new investment opportunities that could lead to a long term benefit to the Group and, hence, increases the return to the shareholders. In mid June 2005, the Group acquired certain number of units of convertible unsecured subordinated debenture and certain number of units of common share purchase warrant issued by Ascalade Communication Inc. ("Ascalade") for a total consideration of approximately HK$32 million. Ascalade is engaged in manufacturing, developing and marketing telecommunication devices. Ascalade was listed in the Toronto Stock Exchange on 27th June, 2005 and subsequently the Group had converted all the units of the unsecured subordinated debenture into ordinary shares of Ascalade and held the shares for long term investment purpose. By investing in Ascalade, the Group could further extend its business into telecommunication development industries that could benefit the Group's LCD and LCM business in the long run.

On 29th November 2005, the Group entered into an agreement to acquire 40% of the paid-up capital of Nantong Jianghai Capacitor Co. Ltd. ("Nantong Jianghai") for a cash consideration of RMB40 million ("Acquisition"). On even date, the Group signed a Supplemental Agreement for (i) the granting of a loan to Nantong Jianghai which amount is equal to the consolidated net asset value exclusive of minority interests of Nantong Jianghai and its subsidiaries as at 31st December, 2004 less RMB40 million, limited to a maximum of RMB60 million; and (ii) the further subscription in the paid-up capital of Nantong Jianghai in the first half of 2006 such that the Group's interest in Nantong

Jianghai would be increased from 40% to 50%, for a consideration which varies with the loan amount and the normal operating profit as reflected in the consolidated financial statements of Nantong Jianghai for the year ending 31st December 2005. Further details on the Acquisition is contained in the Company's announcement dated 1st December, 2005. The entire consideration of the Acquisition will be financed by the internal resources of the Group. Nantong Jianghai is one of the leading manufacturers of aluminium electrolytic capacitors and related accessories in China. Aluminium electrolytic capacitors are used in almost all kinds of electronic products. Nantong Jianghai's customers are mainly manufacturers of consumer electronic products and industrial electronic products. The Acquisition will enable the Group to invest in the electronic component business. It is expected that the investment would not only widen the scope of business of, but also generate satisfactory return to, the Group. Since the Group and Nantong Jianghai are both engaged in the electronic component business, each of them will, in future, be able to get access to the customers of the other.

Employment and Remuneration Policy

The remuneration package for the Group's employees is structured by reference to market terms and industry's practice. Discretionary bonus and other performance reward are based on the financial performance of the Group and the performance of individual staff. Staff benefit plans maintained by the Group include mandatory and voluntary provident fund scheme and medical insurance.

Liquidity and Financial Resources

The Group's working capital as at 30th September, 2005 amounted to HK$275 million.

As at 30th September, 2005, the Group had total assets of HK$721 million which were financed by liabilities of HK$119 million and shareholders' equity of HK$602 million.

During the period, the Group obtained a new bank loan amounting to HK$40,500,000. As at 30th September, 2005, the outstanding balance of the loan was HK$36,000,000 and repayable by 16 equal quarterly instalments of HK$2,250,000 each. The loan is unsecured and bears interest at the prevailing market rate. The proceeds are used to finance capital expenditure and working capital requirement.

The Group had banking facilities amounted to HK$150 million of which HK$44 million were utilized. As at 30th September, 2005, the Group's borrowings were primarily denominated in HK dollars with interest charging on floating-rate basis. The Group's current ratio as a ratio of current assets to current liabilities, was 4.0 times (31st March, 2005: 4.3 times). The gearing ratio, as a ratio of bank borrowings to net worth, was 6.0% (31st March, 2005: 0%).

The Group did not have any material exposure to fluctuation in exchange rates.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

Shares

At 30th September, 2005, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained 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 (the "Model Code") were as follows:

Long position in the share of the Company

	Number of shares and nature of interests			
	Personal Interests	Through Controlled Corporations	Total	Percentage of Company's Issued Capital
Mr. Fang Hung, Kenneth *(Note)*	20,130,000	697,692,368	717,822,368	68.79%
Mr. Li Kwok Wai, Frankie *(Note)*	22,404,013	697,692,368	720,096,381	69.00%

Note: Antrix Investment Limited owns 697,692,368 shares of the Company. Mr Fang Hung, Kenneth and Mr Li Kwok Wai, Frankie beneficially owns 51% and 49%, respectively, of the issued share capital of Antrix Investment Limited.

Save as disclosed above, as at 30th September, 2005, none of the directors, the chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2005, the following interests and short position of 5% or more in the shares and underlying shares of the Company were recorded in register maintained by the Company pursuant to Section 336 of the SFO.

	Capacity and nature of interest	Number of Shares held	% of the Company's issued share capital
Antrix Investment Limited *(Note)*	Directly beneficially owned	697,692,368	66.86%
Esca Investment Limited *(Note)*	Indirectly beneficially owned	697,692,368	66.86%
Megastar Venture Limited *(Note)*	Indirectly beneficially owned	697,692,368	66.86%
Liu Chong Hing Bank Limited	Directly beneficially owned	57,600,000	5.52%

Note: Antrix Investment Limited is held as to 51% by Esca Investment Limited (a company wholly-owned by Mr Fang Hung, Kenneth) and 49% by Megastar Venture Limited (a company wholly-owned by Mr Li KwokWai, Frankie). The Shares held by Esca Investment Limited and Megastar Venture Limited represent the same interest held by Antrix Investment Limited, which have also been disclosed as an interest of Mr Fang Hung, Kenneth and Mr Li Kwok Wai, Frankie under the section "Directors' and Chief Executive's Disclosure of Interests".

Save as disclosed above, as at 30th September, 2005, the Company was not notified by any persons who had interests or short positions of 5% or more in the shares and underlying shares of the Company which is required to be recorded under Section 336 of the SFO.

CONTINGENT LIABILITIES AND CHARGES OF ASSETS

As at 30th September 2005, the Group did no have any significant contingent liabilities and there were no significant charges or pledges on any of the Group's assets.

CORPORATE GOVERNANCE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company has not compiled with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviation:

Under Code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. Currently, the existing non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation. Under code A.4.2, every director should be subject to retirement by rotation at least once every three years. According to the existing Company's bye laws, the Chairman of the board is not subject to retirement by rotation.

The board is reviewing the situation and will, where appropriate, take necessary steps including amendment of the Company's bye laws to ensure compliance with the Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30th September, 2005.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of securities of the Company or by any of its subsidiaries during the six months ended 30th September, 2005.

AUDIT COMMITTEE

The Audit Committee comprises all of the three independent non-executive directors, namely The Hon, Tien Pei Chun, James, GBS, JP, Mr Chu Chi Wai, Allan and Mr Lau Yuen Sun, Adrian. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September, 2005.

By order of the Board
Kevin Lau
Company Secretary

Hong Kong, 19th December, 2005