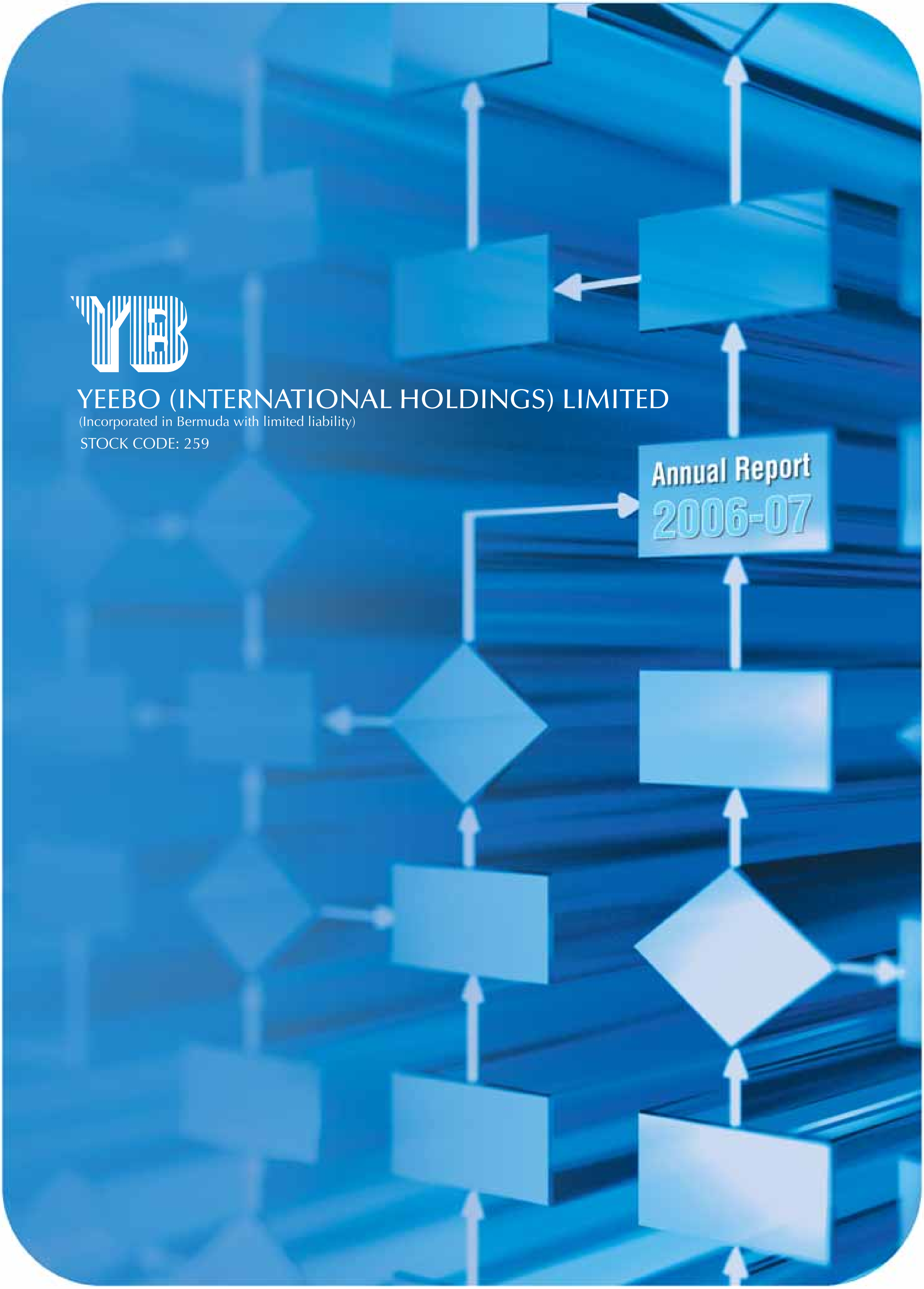

YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

Annual Report 2006-07

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. FANG Hung, Kenneth, GBS, JP
Mr. LI Kwok Wai, Frankie
Mr. TIEN Pei Chun, James, GBS, JP*
Mr. CHU Chi Wai, Allan*
Mr. LAU Yuen Sun, Adrian*

* *independent non-executive*

COMPANY SECRETARY

Mr. Lau Siu Ki, Kevin

AUDITORS

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor
On Dak Industrial Building
2-6 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

PRINCIPAL REGISTRAR MEMBER AND TRANSFER OFFICE

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

BRANCH REGISTRAR OF MEMBERS AND TRANSFER OFFICE

Secretaries Limited
(to be renamed as Tricor Secretaries Limited with effect from 1st August, 2007)
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Citibank, N.A.
47th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Chong Hing Bank Limited
Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

BNP Paribas
Hong Kong Branch
59-63/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

FANG Hung, Kenneth, GBS, JP, aged 68, is the Chairman of the Group. Mr. Fang holds a master degree in Chemical Engineering from the Massachusetts Institute of Technology. He is the Chairman of Times Ltd., a listed company in Hong Kong, the Chairman of Fang Brothers Knitting Limited and a director of a number of other private and listed companies in Hong Kong. Mr. Fang joined the Company as a Director in August 1995.

LI Kwok Wai, Frankie, aged 49, is the Chief Executive Officer of the Group and an Executive Director. Mr. Li graduated from the Hong Kong University majoring in Business Management and has substantial experience in banking and corporate finance. He is also a director of Ascalade Communications Inc., a company engaged in designing, developing and manufacturing digital wireless telecommunications products and is listed on the Toronto Stock Exchange. Mr. Li joined the Group in November 1995.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Hon. TIEN Pei Chun, James, GBS, JP, aged 60, holds a master degree in Chemical Engineering from San Jose State University. Mr. Tien is the Chairman of Manhattan Holdings Limited, Manhattan Garments (International) Limited, Manhattan Realty Ltd and a director of a number of listed and private companies. He is a Legislative Councilor in Hong Kong. He is also the Chairman of Liberal Party and the Hong Kong Tourism Board, a Member of The Chinese People's Political Consultative Conference, a council member of the Trade Development Council and a member of the Commission on Strategic Development. Mr. Tien joined the Company as an independent non-executive Director in June 1997.

CHU Chi Wai, Allan, aged 55, has over 35 years' experience in the electronics industry. Mr. Chu is the founder and Chairman of A-Team Holding Limited, a company engaged in the manufacture of electronic products and investment holding. Mr. Chu joined the Company as an independent non-executive Director in August 1998.

LAU Yuen Sun, Adrian, aged 52, holds a Bachelor Degree in Commerce from the University of Windsor, Canada and has years of experience in banking and investment. Mr. Lau had worked for the National Bank of Canada as the vice president of Asia region as well as the general manager of the Hong Kong branch from September 1994 to December 1996. He is also an independent non-executive director of Times Ltd., a listed company in Hong Kong, and had served directorships in various listed companies in Hong Kong. Mr. Lau joined the Company as an independent non-executive Director in May 2004.

COMPANY SECRETARY

LAU Siu Ki, Kevin, aged 49, is the Company Secretary of the Group. Mr. Lau graduated from the Hong Kong Polytechnic and is a fellow member of both the Association of Chartered Certified Accountants as well as the Hong Kong Institute of Certified Public Accountants. He has extensive experience working in or with listed companies in Hong Kong. Mr. Lau joined the Company in May 2004.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

WAN Wai Tak, aged 55, is the Senior Vice President responsible for the marketing of LCD and LCM in Hong Kong and certain countries in Asia. Mr. Wan is one of the forerunners in LCD industry in Hong Kong with over 30 years' experience in engineering and marketing of LCD products. Mr. Wan has a bachelor's degree in Electrical Engineering from National Cheng Kung University in Taiwan and a master degree in Physics from Brunel University in the United Kingdom. Mr. Wan joined the Group in 1988.

Benny LEUNG, aged 44, is the Vice President responsible for the financial management of the Group. Mr. Leung graduated from the Chinese University of Hong Kong majoring in Accounting. He also holds a MBA degree from Monash University, Australia. He is now an associate member of CPA Australia. He has extensive experience in operational and financial management.

MA Ki Chu, Angela, aged 43, is the Vice President responsible for the sales and marketing of the Group and also the operation head of the LCD and LCM factory in Jiangmen. Ms. Ma has over 9 years experience in customer service administration, production planning and control and management information system. Ms. Ma joined the Group in 1997.

JIA Xiu Juan, aged 44, is the Vice President responsible for the financial accounting of the Group. Ms. Jia has extensive experience in accounting and taxation. She is a qualified accountant in PRC. She graduated from Guang Dong Academy of Society of Social Science in PRC, studying the postgraduate courses and majoring in Economic Management. Ms. Jia joined the Group in 1999.

Richard HUI, aged 55, is the Vice President leading the sales and marketing team in USA and Europe. He holds a bachelor's degree in Accountancy and has over 22 years experience in LCD industry. He held senior positions in several aspects of a former leading LCD company in areas of finance, factory administration and operations. He has also a good exposure in the Europe and USA markets of the sales and distribution of LCD and LCM products. Mr. Hui joined the Group in 2002.

HAN Yu Zhong, aged 50, is the Vice President responsible for the marketing of LCD and LCM products in PRC. Mr. Han's experience has predominantly been gained in LCD manufacturing and business operation in PRC and has capitalized his experience therefrom to carry out the business expansion plan in PRC. Mr. Han joined the Group in 1990.

LIN Tsui Ping, aged 42, is the Senior Manager responsible for the manufacturing and product development of the Group. Ms. Lin holds a master degree in Chemistry from National Cheng Kung University in Taiwan. She specializes in product development and manufacturing process and has over 14 years' experience in the development and production of LCD products. Ms. Lin joined the Group in 2003.

Frank LEE, aged 43, is the Vice President responsible for the production and marketing of Indium Tin Oxide glass, and factory administration in Jiangmen. Mr. Lee graduated from Hua Zhong University of Science and Technology in PRC majoring in Electromechanical Engineering and has over 18 years experience in vacuum film plating. Mr. Lee joined the Group in 1997.

DIRECTORS AND SENIOR MANAGEMENT

CHIN Jin Soon, age 54, is the Vice President responsible for product application of LCM. Mr. Chin holds BSc degree in Electronics Engineering from London University. He has a total experience of 27 years in LCD industry involving design and development of LCD Module and has good exposure working with European and American engineers and designers. Mr. Chin joined the Group in 2004.

Rue Steel MARSHALL Jr., aged 63, is the Vice President responsible for the development and implementation of new production set up. Mr. Marshall attended the Arizona State University in the USA studying Mechanical Engineering and Business Administration. He is one of the forerunners of LCD industry in Hong Kong with over 30 years' experience in the related field. Mr. Marshall joined the Group in 1988.

LIM Bee Lay, aged 58, is the Senior Manager responsible for quality assurance on LCD and LCM products, liaising with supplier and customer on quality improvement and maintaining ISO system function. Ms. Lim has more than 21 years' experience in LCD field in Singapore and Malaysia. Ms. Lim joined the Group in 2005.

Veronica KOO, aged 42, is the Senior Manager responsible for the production and material control of LCD and LCM products. Ms. Koo brings to the Group a wealth of expertise in the manufacturing production of high precision LCD products. She has 14 years' experience in the LCD field in Malaysia, Singapore and China. Ms. Koo joined the Group in 2004.

HSIAO Hung Shih, aged 45, is the Senior Manager responsible for the of LCM production. Mr. Hsiao has over 9 years' experience in the planning and management of the production of Color STN, FSTN, STN and LCM. Mr. Hsiao joined the Company in 2003.

TIM Hsieh, aged 35, is the Senior Manager responsible for the quality assurance and products development of LCM products. Mr. Hsieh holds a degree in Photoelectricity from National Yulin University of Science and Technology in Taiwan. He has over 10 years' relevant experience and joined the Group in 2005.

CHAIRMAN'S STATEMENT

Chairman's Statement

I would like to present the annual report of Yeebo (International Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st March, 2007

REVIEW OF OPERATIONS

For the year ended 31st March, 2007, the Group registered a turnover of HK$456 million. The Group turnover increased by HK$65 million or 17% in current year. Gross profit increased from HK$55 million to HK$65 million. Taking into account the realized gain in investments in trading securities and share of results of jointly controlled enterprise and associates, the total profit for the year amounted to HK$26 million.

The Group has consistently been adopting the strategy of moving up-market and expanding its business in high-value market segment. The related action programs include enlarging and upgrading the production facility, strengthening the product development team and expanding the sales force globally. For the Liquid Crystal Display ("LCD") business, we manage to gain market share in the high-value segment like instrument and geographically, impressive growth was captured in Asia. For the Liquid Crystal Display module ("LCM") business, the customer base has grown promisingly and the predominant growth is generated from the European and USA market.

During the year, the Group has broadened its product range to include sales of Indium Tin Oxide ("ITO") glass and Thin Film Transistor ("TFT") products, which have provided constructive contribution to the Group, in particular in the second half of the year. On the manufacturing side, the Group streamlined the production facilities by consolidating two LCD factories into one last year. The factory re-organization produced favourable results not only in controlling the manufacturing cost but also in enhancing quality control.

CHAIRMAN´S STATEMENT

Investment in Nantong Jianghai Capacitor Company Ltd.

Currently, the Group is holding a 50% equity interest in Nantong Jianghai Capacitor Company Ltd ("Nantong Jianghai"), a jointly controlled enterprise. Nantong Jianghai is one of the leading manufacturers of aluminium electrolytic capacitors and related accessories in China. With our investment fund injected in Nantong Jianghai, it has upgraded and expanded its production facilities, enhanced its product development capability and strengthened its working capital position. These actions have enhanced Nantong Jianghai's competitive edge both in the PRC and overseas market. During the year, Nantong Jianghai's business performance fared favourably even though it encountered a shortage of material supply. Leveraged on its strength in its technical knowhow, Nantong Jianghai has successfully diversified from the consumer-use segment into the industrial-use segment. The Group's share of profit amounted to approximately HK$18 million in current year. In the foreseeable future, Nantong Jianghai's business outlook is expected to be promising.

Investment in Kunshan Visionox Display Co. Ltd.

Currently, the Group has an equity interest of 47% in Kunshan Visionox Display Co. Ltd. ("Kunshan Visionox"), but since the Group has the option to increase its interest to exceed 50% in future, Kunshan Visionox was accounted for as a subsidiary of the Group. Kunshan Visionox is set up to design, manufacture and market Organic Light Emitted Display ("OLED") products on a commercial scale. Its production plant is located in Kunshan City of Jiangsu Province, PRC. As the OLED market dynamics is changing dramatically, the management of Kunshan Visionox has taken a cautious approach in its capital expenditure scheduling. Nevertheless, the Group is committed to and posses a positive view in the long term investment in OLED business.

Investment in Ascalade Communication Inc.

The investment in Ascalade Communication Inc. ("Ascalade"), a listed company in the Tornoto Stock Exchange, was undermined by the falling of the share price below its IPO price. In September 2006, Ascalade revised downward its guidance of year-over-year sales growth and basic earnings per share primarily because of the softness in forward orders estimated to be received for its cordless DECT phones, a segment which had been impacted by intense industry competition and price cutting. As of the balance sheet date, the diminution in the fair value of the investment in Ascalade was represented by a reduction of investment reserve by approximately HK$38 million.

CHAIRMAN'S STATEMENT

PROSPECTS

Looking forward, we expect both opportunities and challenges. With the solid ground work laid down in marketing, product development and production capability, we expect a promising growth in the LCD and LCM business in coming year. However, volatile material costs, shortage of workers and rising labour costs in PRC will continue to be a challenge to the Group's profitability in the near future.

With our committed investment in OLED through its investment in Kunshan Visionox, the Group is well-positioned to tapping into the color display arena. From a long term commercial viability perspective, the directors maintain the view that the move would sustain our growth and strengthen our competitive edge in the display business in future.

LIQUIDITY AND CAPITAL RESOURCES

Our consolidated financial position continued to be healthy. As at 31st March, 2007, the Group's current ratio was 3.2 (2006: 2.4) and gearing ratio, as a ratio of bank borrowings to net worth, was nil (2006: 2.6%). As at 31st March, 2007, the Group had total assets of HK$930 million which were financed by liabilities of HK$194 million and shareholders' equity of HK$736 million.

As at 31st March, 2007, the Group's banking facilities amounted to HK$180 million (2006: HK$202 million) of which HK$4 million (2006: HK$7 million) were utilized for issuance of letters of credit and bills payable. During the year the Group repaid its long-term bank loan and as at 31st March, 2007 there was no outstanding unsecured bank loan (2006: HK$31.5 million).

	2007	2006
	HK$'000	*HK$'000*
Repayable within one year	**–**	9,000
Repayable after one year but within two years	**–**	9,000
Repayable after two years but within three years	**–**	9,000
Repayable after three years but within four years	**–**	4,500
	–	31,500

Certain subsidiaries of the Company have foreign currency time deposits and available-for-sale investments denominated in foreign currencies, which expose the Group to foreign currency risk. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES AND CHARGES OF ASSETS

As at 31st March, 2007, the Group's jointly controlled entities, Nantong Jianghai Capacitor Company Ltd, had guarantees amounting to approximately RMB78,000,000 given to banks in respect of banking facilities granted to a third party.

Except for the above, the Group had no other material contingent liabilities and there was no charge or pledge on the Group's assets as at 31st March, 2007.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the Group's purchases and turnover attributable to major suppliers and customers were as follows:

	2007	2006
Percentage of purchases from the Group's largest supplier	**7%**	8%
Percentage of purchases from the Group's five largest suppliers	**26%**	28%
Percentage of turnover to the Group's largest customer	**6%**	4%
Percentage of turnover to the Group's five largest customers	**17%**	15%

As a result of our customer and supplier diversification, the Group had no material concentration risk in both sales and sourcing.

As at 31st March, 2007 none of the directors, their associates, or any shareholders which to the knowledge of the directors owned more than 5% of the Company's share capital had any beneficial interest in the Group's five largest customers and/or five largest suppliers.

EMPLOYMENT AND REMUNERATION POLICY

The remuneration policy and package of the Group's employees are structured with reference to market terms and industry's practice. In addition, discretionary bonus and other individual performance incentives are awarded to staff with reference to the financial performance of the Group and the personal performance of individual staff. Staff benefit plans maintained by the Group include mandatory provident fund scheme, and medical insurance.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank all staff members their dedication to the Group during the year and the Shareholders, valuable customers and suppliers for your continuous support.

Fang Hung, Kenneth
Chairman

20th July, 2007

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. Throughout the year ended 31st March, 2007, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code on CGP") listed 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"), except for the deviation regarding the terms of service of the non-executive directors which is set out in the section under Appointment and Re-election of Directors. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

BOARD OF DIRECTORS

The Board comprises:

Executive Directors

Mr. Fang Hung, Kenneth, GBS, JP *(Chairman)*
Mr. Li Kwok Wai, Frankie *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Tien Pei Chun, James, GBS, JP
Mr. Chu Chi Wai, Allan
Mr. Lau Yuen Sun, Adrian

Mr. Fang Hung, Kenneth, and Mr. Li Kwok Wai, Frankie are the beneficial owners of Antrix Investment Limited which holds 66.86% of the issued share capital of the Company. Except for the above, the Board members have no financial, business, family or other material or relevant relationships with one another. Such balanced board composition is formed to ensure strong independence exists across the Board and has met the recommended practice under the Code on CGP for the Board to have at least one-third in number of its members comprising Independent Non-executive Directors.

The Independent Non-executive Directors possess appropriate professional qualifications or accounting or related financial management expertise. Having made specific enquiry with all Independent Non-executive Directors, all such Directors confirmed that they have met the criteria of Rule 3.13 of the Listing Rules regarding the guidelines for assessment of independence. The biographical details of the Directors are set out in page 3 of this Annual Report.

CORPORATE GOVERNANCE REPORT

During the year, four full board meetings were held and the attendance of each Director is set out as follows:

Name of Directors	Number of Meetings Attended
Mr. Fang Hung, Kenneth	4/4
Mr. Li Kwok Wai, Frankie	4/4
Mr. Tien Pei Chun, James	4/4
Mr. Chu Chi Wai, Allan	4/4
Mr. Lau Yuen Sun	4/4

Regular board meetings are scheduled in advance to facilitate fullest possible attendance. At least 14 days notice of all board meetings is given to all Directors and they can include matters for discussion in the agenda if the need arises. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all relevant rules and regulations are followed. The agenda and the accompanying board papers are sent to all Directors at least 3 days before the date of every board meeting so that the Directors have the time to review the documents.

Every Board member is entitled to have access to board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required. The Company Secretary continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practice.

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group. In addition to its overall supervisory role, the Board also retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving policies relating to the Board's compliance, etc whilst managing the Group's business is the responsibility of the management of the Group (the "Management").

When the Board delegates aspects of its management and administration functions to the Management, it has given clear directions, in particular, with respect to the circumstances where the Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated and assumed by separate individuals who have no relationship with each other, except as beneficial owners of Antrix Investment Limited, the Company's holding Company, and fellow Directors, to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman focuses on overall corporate development and strategic direction of the Group, and provides leadership for, and oversees the effective functioning of, the Board. The Chief Executive Officer is responsible for the day-to-day corporate management as well as planning and developing the Group's strategy.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

Code provision A.4.1 of the Code on CGP stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing Independent Non-executive Directors are not appointed for a specific term, but subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the bye-laws of the Company (the "Bye-laws"). The Board does not believe that arbitrary term limits on the Directors' services are appropriate given that Directors ought to be committed to representing the long-term interests of the shareholders.

The provision A.4.2 of the Code on CGP requires all Directors to be subject to retirement by rotation at least once every three years. A special resolution was passed at the 2006 annual general meeting of the Company whereby the Bye-laws were amended to align with code provision A.4.2 of the Code on CGP.

Nomination of Directors

The Company does not have a Nomination Committee. The Board as a whole is responsible for the procedure of agreeing to the appointment of its members and for nominating appropriate person for election by shareholders at the annual general meeting, either to fill a casual vacancy or as an addition to the existing Directors.

According to the Bye-Laws, notice in writing of the intention to propose a person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office of the Company at least seven days before the date of the general meeting, or else no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting.

The period for lodgment of the notices referred to above will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

During the year, no new members have been appointed to the Board.

The detailed information on election of Directors including detailed biography of all Directors standing for election or re-election to ensure shareholders to make an informed decision on their election has been set out in the circular regarding, inter alia, the share repurchase mandate and notice of annual general meeting (the "Share Repurchase Circular").

BOARD COMMITTEES

The Board establishes committees to assist it in carrying out its responsibilities. The Board has appointed 2 Board committees i.e. the Remuneration Committee and Audit Committee to oversee particular aspects of the Group's affairs. Each of the committees has defined terms of reference setting out its duties, powers and function. The committees report regularly to the Board and, where appropriate, make recommendations on matters discussed.

Remuneration Committee

The Remuneration Committee was established on 27th May, 2005. The Committee comprises Mr. Lau Yuen Sun, Adrian and Mr. Chu Chi Wai, Allan, both Independent Non-executive Directors, and Mr. Li Kwok Wai, Frankie, Executive Director and Chief Executive Officer. Mr. Lau Yuen Sun, Adrian, was appointed as Chairman of the Remuneration Committee. The written terms of reference stipulating the authority and duties of the Remuneration Committee conform to the provisions of the Code on CGP.

The Remuneration Committee shall meet at least once a year. A meeting was held in the year ended 31st March, 2006. All three members attended the meeting.

The remuneration policy of the Group is to ensure all its employees are remunerated in line with market terms and individual performance.

At the meeting held during the year, the overall pay trend in Hong Kong of 2006 was noted and the remuneration of the senior management team was reviewed accordingly.

The major roles and functions of the Remuneration Committee are as follows:

1. To review annually and recommend to the Board the overall remuneration policy for the Directors and senior management.

2. To review annually the performance of the Executive Directors and senior management and recommend to the Board specific adjustments in remuneration and/or reward payments.

3. To ensure that the level of remuneration for Independent Non-executive Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.

4. To ensure that no Director is involved in deciding his own remuneration.

Audit Committee

The Audit Committee of the Company comprises three Independent Non-executive Directors. Mr. Lau Yuen Sun, Adrian, was appointed as Chairman of the Audit Committee.

The Audit Committee shall meet at least twice a year. Two meetings were held during the year. The minutes of the Audit Committee meetings were tabled to the Board for noting and for action by the Board where appropriate, the attendance of each member is set out as follows:

Name of Directors	Number of Meetings Attended
Mr. Lau Yuen Sun, Adrian	2/2
Mr. Chu Chi Wai, Allan	2/2
Mr. Tien Pei Chun, James	1/2

CORPORATE GOVERNANCE REPORT

During the year, the Audit Committee had performed the following work:

(i) reviewed the financial reports for the year ended 31st March, 2006 and for the six months ended 30th September, 2006;

(ii) reviewed the effectiveness of internal control system;

(iii) reviewed the external auditors' statutory audit plan and engagement letter;

(iv) discussed with the Company's external auditors the internal control of the Group; and

(v) reviewed and recommended for approval by the Board the scope and fees of the audit for the year ended 31st March, 2007.

The major roles and functions of the Audit Committee are as follows:

1. To consider the appointment of the external auditors, the audit fees, and any questions of resignation or dismissal of the external auditors of the Group.

2. To discuss with the external auditors the nature and scope of the audit.

3. To review the interim and annual financial statements before submission to the Board.

4. To discuss problems and reservations arising from the interim review and final audit, and any matters the auditors may wish to discuss.

5. To review the external auditors' management letters and management's response.

6. To review the Company's systems of financial controls, internal controls and risk management to ensure that they are appropriate and functioning properly.

7. To consider any findings of major investigations of internal control matters and management's response.

AUDITORS' REMUNERATION

During the year under review, the remuneration paid or payable to the Company's auditors, Messrs Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	**Fees paid and payable** *HK$*
Audit services	1,380
Non audit services	819
	2,199

INTERNAL CONTROL

The Board and senior management are responsible for establishing, maintaining and operating an effective system of internal control. The internal control system of the Company comprises a well-established organizational structure and comprehensive polices and standards. The Board has clearly defined the authorities and key responsibilities of each business and operational unit to ensure adequate checks and balances.

During the year the Board has reviewed the effectiveness of the internal control system of the Group. The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the annual report is sound and sufficient to safeguard the interests of shareholders, customers and employees, as well as the Group's assets.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and involving in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

(a) The Management, led by the Executive Directors, ensures the effectiveness of the Group's daily operations and that the Group's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

(b) The Audit Committee of the Company reviews internal control issues identified by external auditors, regulatory authorities and management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems.

(c) The Remuneration Committee ensures that all the Directors and the senior management of the Group are remunerated in line with market terms and individual performance.

(d) The corporate reporting functions are delegated to the accounting department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance practices and compliance with the Listing Rules, Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and other applicable regulations are delegated to the company secretarial department. The Management reviews the system of internal controls and briefs the reporting systems with the Executive Directors regularly and the Audit Committee annually.

(e) Every newly appointed Director would be provided with a comprehensive handout detailing the responsibilities and duties of being a director of the Company. In particular the newly appointed Director would be briefed of the respective applicable rules and regulation, including the Listing Rules, which a director should be aware of on the first occasion of his appointment with the Company.

CORPORATE GOVERNANCE REPORT

(f) The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). A copy of the Model Code was sent to each Director and the relevant employees of the Group who are required to be provided under the Model Code. Enquiries have been made with Directors and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31st March, 2007, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

COMMUNICATION WITH SHAREHOLDERS

The Company establishes and maintains different communication channels with its shareholders through the publication of annual and interim reports and press announcement.

As a channel of further promoting effective communication, the corporate website is maintained to disseminate the relevant financial and non-financial information on a timely basis.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. At the Company's 2006 Annual General Meeting, Chairman of the Board as well as Chairman of the Audit Committee and Remuneration Committee were present to answer shareholders' questions.

Details of the poll voting procedures and the rights of shareholders to demand a poll were included in the Share Repurchase Circular to shareholders dispatched together with the annual report. The said circular also included relevant details of proposed resolutions, including biography of each candidate standing for election or re-election.

At the Company's 2006 Annual General Meeting, all the resolutions were dealt with on a show of hands. All resolutions were unanimously passed.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, jointly controlled entities and associates are set out in notes 36, 18 and 17, respectively, to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2007 are set out in the consolidated income statement on page 24.

The directors now recommend the payment of a final dividend of HK1 cent per ordinary share to the shareholders on the register of members on 21st September, 2007, amounting to HK$10,435,632, and the retention of the remaining profit.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$37.6 million. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the issued share capital of the Company are set out in note 31 to the consolidated financial statements.

DIRECTORS' REPORT

RESERVES

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 27 and page 28.

The Company's reserve available for distribution to shareholders as at 31st March, 2007 were as follows:

	2007	2006
	HK$'000	*HK$'000*
Contributed surplus	**49,259**	49,259
Retained profits	**6,891**	5,535
	56,150	54,794

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare to pay a dividend, or make a distribution out of contribution surplus if:

(a) it is or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

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

Executive directors:

Mr. Fang Hung, Kenneth
Mr. Li Kwok Wai, Frankie

Independent non-executive directors:

Mr. Tien Pei Chun, James
Mr. Chu Chi Wai, Allan
Mr. Lau Yuen Sun, Adrian

In accordance with Clause 87 of the Company's Bye-Laws, The Hon. Tien Pei Chun, James and Mr. Lau Yuen Sun, Adrian retire and, being eligible, offer themselves for re-election.

The director proposed for re-election at the forthcoming Annual General Meeting does not have a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The independent non-executive directors have been appointed for a term subject to retirement by rotation in accordance with the Company's Bye-Laws.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 31st March, 2007, 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 shares 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)*	29,190,013	697,692,368	726,882,381	69.65%

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

Save as disclosed above, as at 31st March, 2007, none of the directors, the chief executives or 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long position in the shares of the Company

	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%
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 Kwok Wai, 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 "Interests of Directors and Chief Executive in Securities".

Save as disclosed above, as at 31st March, 2007, 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.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is reviewed regularly by the board of directors. Remuneration packages are structured to take into account the merit, qualifications and competence of individual employees as well as the general market conditions.

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, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2007 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except that the non-executive directors of the Company were not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

The Company had adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of the directors it is confirmed that they have complied with the required standard set out in the Model Code.

The Company has received from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st March, 2007.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements of the Group for the year ended 31st March, 2007.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Li Kwok Wai, Frankie
Chief Executive Officer

Hong Kong
20th July, 2007

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF
YEEBO (INTERNATIONAL HOLDINGS) LIMITED
億都(國際控股)有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Yeebo (International Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 69, which comprise the consolidated balance sheet as at 31st March, 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March, 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

20th July, 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
Revenue	6	**456,287**	391,242
Cost of sales		**(391,142)**	(336,672)
Gross profit		**65,145**	54,570
Other income		**10,400**	3,902
Investment income	7	**17,618**	23,158
Selling and distribution expenses		**(37,058)**	(28,711)
Administrative expenses		**(37,782)**	(31,338)
Fair value gain of investment properties	16	**–**	231
Change in fair values on derivative financial instruments		**–**	8,223
Share of results of associates	17	**(6,208)**	(5,441)
Share of results of jointly controlled entities	18	**17,832**	14,018
Finance costs	8	**(857)**	(1,451)
Profit before income tax		**29,090**	37,161
Income tax expense	9	**(3,088)**	(1,853)
Profit for the year	10	**26,002**	35,308
Attributable to:			
Equity holders of the Company		**25,386**	36,186
Minority interests		**616**	(878)
		26,002	35,308
Dividend paid:	13		
2006 Final dividend of HK1 cent (2005: HK1.5 cents) per ordinary share		**10,436**	15,653
Earnings per share – basic	14	**HK2.43 cents**	HK3.47 cents

CONSOLIDATED BALANCE SHEET

As at 31st March, 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	15	**169,006**	166,675
Deposits for acquisition of plant and equipment		**458**	372
Deposits for acquisition of land use rights		**15,556**	–
Interests in associates	17	**24,202**	29,403
Interests in jointly controlled entities	18	**134,035**	109,858
Available-for-sale investments	19	**21,695**	117,890
Intangible assets	20	**10,794**	1,459
		375,746	425,657
Current assets			
Inventories	21	**82,882**	68,962
Trade and other receivables	22	**111,429**	95,933
Bills receivable	22	**–**	867
Investments held for trading	23	**–**	80,670
Amount due from an associate	17	**18,617**	9,133
Amounts due from jointly controlled entities		**45**	–
Time deposits with maturity over three months	24	**147,641**	–
Bank balances and cash	24	**194,002**	124,769
		554,616	380,334
Current liabilities			
Trade and other payables	25	**122,389**	82,516
Dividend payable		**132**	–
Bills payable	25	**2,609**	4,917
Amount due to an associate	17	**2,441**	2,991
Bank borrowings – due within one year	26	**–**	9,000
Deferred income	27	**808**	–
Deferred consideration on acquisition of jointly controlled entities	29	**40,404**	57,504
Tax payable		**3,345**	927
		172,128	157,855
Net current assets		**382,488**	222,479
Total assets less current liabilities		**758,234**	648,136
Non-current liabilities			
Deferred income	27	**11,616**	–
Government loan	28	**8,346**	–
Other payables	25	**1,836**	–
Bank borrowings – due after one year	26	**–**	22,500
Deferred tax liabilities	30	**–**	188
		21,798	22,688
		736,436	625,448

CONSOLIDATED BALANCE SHEET

As at 31st March, 2007

	Notes	2007 HK$'000	2006 HK$'000
Capital and reserves			
Share capital	31	**208,713**	208,713
Reserves		**405,786**	416,735
Equity attributable to equity holders of the Company		**614,499**	625,448
Minority interests		**121,937**	–
Total equity		**736,436**	625,448

The financial statements on pages 24 to 69 were approved and authorised for issue by the Board of Directors on 20th July, 2007.

Fang Hung, Kenneth
DIRECTOR

Li Kwok Wai, Frankie
DIRECTOR

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st March, 2007

	Attributable to equity holders of the parent									
	Share capital	**Share premium**	**Capital reserve**	**Capital redemption reserve**	**Investment revaluation reserve**	**Translation reserve**	**Retained profits**	**Total**	**Minority interests**	**Equity total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2005	208,713	147,303	2,125	1,347	(277)	(61)	216,444	575,594	–	575,594
Change in fair value on available-for-sale investments	–	–	–	–	34,568	–	–	34,568	–	34,568
Deferred tax liability arising on change in fair value on available-for-sale investments *(note 30)*	–	–	–	–	(181)	–	–	(181)	–	(181)
Share of change in equity of associates	–	–	–	–	–	811	–	811	–	811
Net gains recognised directly in equity	–	–	–	–	34,387	811	–	35,198	–	35,198
Transfer to income statement on sales of available-for-sale investments	–	–	–	–	(5,877)	–	–	(5,877)	–	(5,877)
Profit (loss) for the year	–	–	–	–	–	–	36,186	36,186	(878)	35,308
Total recognised income and expense for the year	–	–	–	–	28,510	811	36,186	65,507	(878)	64,629
Dividends	–	–	–	–	–	–	(15,653)	(15,653)	–	(15,653)
Contribution by minority shareholders	–	–	–	–	–	–	–	–	878	878
At 31st March, 2006	208,713	147,303	2,125	1,347	28,233	750	236,977	625,448	–	625,448

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st March, 2007

	Attributable to equity holders of the parent									
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Investment revaluation reserve	Translation reserve	Retained profits	Total	Minority interests	Equity total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2006	208,713	147,303	2,125	1,347	28,233	750	236,977	625,448	–	625,448
Change in fair value on available-for-sale investments	–	–	–	–	(37,365)	–	–	(37,365)	–	(37,365)
Reversal of deferred tax liability arising on change in fair value on available-for-sale investments *(note 30)*	–	–	–	–	181	–	–	181	–	181
Exchange difference arising on translation of foreign operations	–	–	–	–	–	5,298	–	5,298	4,847	10,145
Share of change in equity of associates/jointly controlled entities that recognised directly in equity	–	–	–	–	–	7,352	–	7,352	–	7,352
Net (losses) gains recognised directly in equity	–	–	–	–	(37,184)	12,650	–	(24,534)	4,847	(19,687)
Transfer to income statement on sales of available-for-sale investments	–	–	–	–	(1,365)	–	–	(1,365)	–	(1,365)
Profit for the year	–	–	–	–	–	–	25,386	25,386	616	26,002
Total recognised income and expense for the year	–	–	–	–	(38,549)	12,650	25,386	(513)	5,463	4,950
Dividends	–	–	–	–	–	–	(10,436)	(10,436)	–	(10,436)
Contribution by minority shareholders	–	–	–	–	–	–	–	–	116,474	116,474
At 31st March, 2007	208,713	147,303	2,125	1,347	(10,316)	13,400	251,927	614,499	121,937	736,436

The capital reserve balance of the Group represents the difference between the aggregate nominal value of the share capital of acquired subsidiaries and the aggregate nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1993, and after the reclassification of the amounts related to the share premium arising from issue of shares of a subsidiary prior to the group reorganisation to capital reserve and after reserve movements at the time of the capital reduction in previous years.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

	2007	2006
	HK$'000	*HK$'000*
Operating activities		
Profit before income tax	**29,090**	37,161
Adjustments for:		
Finance costs	**857**	1,451
Share of results of associates	**6,208**	5,441
Share of results of jointly controlled entities	**(17,832)**	(14,018)
Interest income	**(11,926)**	(3,062)
Imputed interest income	**(1,895)**	–
Dividend income	**(976)**	(4,166)
Depreciation	**35,521**	32,414
Amortisation of intangible assets	**748**	–
Loss on disposals of property, plant and equipment	**56**	2,145
Fair value gain on disposal of investments in held for trading	**(1,456)**	(2,206)
Fair value gain on disposal of available-for-sale investments	**(1,365)**	(5,877)
Allowance for doubtful debts	**7,005**	2,036
Allowance for (write back of) obsolete inventories	**5,641**	(2,292)
Change in fair value on investments held for trading	**–**	(7,847)
Fair value gain on disposal of investment properties	**–**	(231)
Change in fair value on derivative financial instruments	**–**	(8,223)
Operating cash flows before movements in working capital	**49,676**	32,726
(Increase) decrease in inventories	**(19,561)**	33,077
Increase in trade and other receivables	**(22,638)**	(12,349)
Decrease (increase) in bills receivable	**867**	(559)
Increase (decrease) in trade and other payables	**39,864**	(8,082)
(Decrease) increase in bills payable	**(2,308)**	4,004
Increase in deferred income	**12,139**	–
Cash generated from operations	**58,039**	48,817
Income tax paid	**(677)**	(481)
Net cash from operating activities	**57,362**	48,336

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

	2007 HK$'000	2006 HK$'000
Investing activities		
Proceeds on disposal of investments held for trading	**82,126**	19,187
Proceeds on disposal of available-for-sale investments	**58,830**	64,433
Interest received	**11,926**	3,062
Dividend received	**1,190**	2,642
Proceeds from disposals of property, plant and equipment	**297**	–
Increase in time deposits with maturity over three months	**(144,250)**	–
Purchase of property, plant and equipment	**(37,240)**	(14,752)
Investment in jointly controlled entities	**(19,418)**	(38,336)
Deposits paid for acquisition of land use rights	**(15,556)**	–
Addition of intangible assets	**(7,895)**	–
Advance to an associate	**(9,057)**	(9,133)
Deposits paid for acquisition of plant and equipment	**(458)**	(372)
Advance to jointly controlled entities	**(45)**	–
Proceeds from disposal of investment properties	**–**	1,431
Purchase of available-for-sale investments	**–**	(136,148)
Purchase of investments held for trading	**–**	(19)
Net cash used in investing activities	**(79,550)**	(108,005)
Financing activities		
Dividend paid	**(10,304)**	(15,653)
Repayment of bank loans	**(31,500)**	(9,000)
Interest paid	**(857)**	(1,451)
Decrease in amount due to an associate	**(550)**	–
Capital contribution by a minority shareholder	**116,474**	878
Increase in government grant	**9,869**	–
Repayment of amount due to an associate	**–**	(522)
New bank loan raised	**–**	40,500
Net cash from financing activities	**83,132**	14,752
Net increase (decrease) in cash and cash equivalents	**60,944**	(44,917)
Effect of changes in exchange rates	**8,289**	–
Cash and cash equivalents at beginning of the year	**124,769**	169,686
Cash and cash equivalents at end of the year, represented by bank balances and cash	**194,002**	124,769

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent company is Antrix Investment Limited (incorporated in the British Virgin Island (the "BVI")) and its ultimate holding company is Esca Investment Limited (incorporated in the BVI). The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which are the same as the functional currency of the Company.

The principal activities of the Company and its subsidiaries (the "Group") are the manufacturing and sales of liquid crystal displays ("LCDs") and liquid crystal displays modules ("LCMs") products.

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

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for accounting periods beginning on or after 1st December, 2005, 1st January, 2006 or 1st March, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group have not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures [1]
HKAS 23 (Revised)	Borrowing Costs [2]
HKFRS 7	Financial Instruments: Disclosures [1]
HKFRS 8	Operating Segments [2]
HK(IFRIC) – INT 8	Scope of HKFRS 2 [3]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives [4]
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment [5]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions [6]
HK(IFRIC) – INT 12	Service Concession Arrangements [7]

[1] Effective for annual periods beginning on or after 1st January, 2007
[2] Effective for annual periods beginning on or after 1st January, 2009
[3] Effective for annual periods beginning on or after 1st May, 2006
[4] Effective for annual periods beginning on or after 1st June, 2006
[5] Effective for annual periods beginning on or after 1st November, 2006
[6] Effective for annual periods beginning on or after 1st March, 2007
[7] Effective for annual periods beginning on or after 1st January, 2008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured in fair values, as explained in the accounting policies set out below.

The consolidated financial statement have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Interests in associates

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in the these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. From 1st January, 2005 onwards, the Group has discontinued amortization of goodwill and such goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant associate.

Joint ventures

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entities recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the relevant jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods is recognised when goods are delivered and title has passed.

Dividend income from investments is recognised when the shareholders' rights to receive payments have been established.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and amortisation and accumulated impairment losses.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gain or losses arising from changes in the fair value of the investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in consolidated income statement in the year in which the item is derecognised.

Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the relevant lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financials statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are deducted in reporting the related expense.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Schemes are charged as expenses when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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 taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

Club membership acquired separately

Club memberships with indefinite useful lives and are carried at cost less any subsequent accumulated impairment losses.

Club memberships are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Patents acquired separately

Patents acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for patents with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of patent are measured at the difference between the net disposal proceeds and the carrying amount of the patent and are recognised in the consolidated income statement when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses for tangible and intangible assets with finite useful lives below).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into one of the three categories, financial assets at fair value through profit or loss, loans and receivables, and available-for-sale investments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are classified as financial assets held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in consolidated income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables including trade and other receivables, bills receivable, amount due from an associate, amounts due from jointly controlled entities, time deposits with maturity over three months and bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-for-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale investments are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods. For available-for-sale debt investments, if any, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of the Group's financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade and other payables, bills payable, amount due to an associate, deferred consideration on acquisition of jointly controlled entities, bank borrowings and government loan are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivables and the cumulative gain or loss that had been recognised directly in equity is recognised in consolidated income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated income statement.

Impairment on tangible and intangible assets with finite useful lives

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the tangible assets and intangible assets with finite useful lives is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance on bad and doubtful debts

Note 3 describes that trade receivables and amount due from an associate are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. An impairment losses is recognised in profit and loss when there is objective evidence that the asset is impaired.

In making the judgment, management considered detailed procedures have been in place to monitor this risk as a significant proportion of the Group's investment for working capital is devoted to trade receivables and amount due from an associate. In determining whether there is objective evidence of impairment, the Group takes into consideration estimation of future cash flows.

As at 31st March, 2007, the carrying amount of trade receivables and amount due from an associate are HK$83,465,000 (2006: HK$91,438,000) and HK$18,617,000 (2006: HK$9,133,000) respectively.

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which intangible assets has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. As at 31st March, 2007, the carrying amount of intangible assets is HK$10,794,000 (2006: HK$1,459,000).

Estimated impairment of interests in associates

Determining whether interests in associates are impaired requires an estimation of future cash flows expected to be generated from the operations of the associates. Where the actual future cash flows of the associates are less than the carrying amount of the associates, an impairment loss may arise. As at 31st March, 2007, the carrying amount of interests in associates is HK$24,202,000 (2006: HK$29,403,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

5. FINANCIAL INSTRUMENTS

5a. Financial risk management objectives and policies

The Group's major financial instruments include bank balances, time deposits with maturity over three months, trade and other receivables, available-for-sale investments, trade and other payables, bills payable, amount due from (to) associates/jointly controlled entities, deferred consideration for acquisition of jointly controlled entities, bank borrowings and government loan. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Several subsidiaries of the Company have foreign currency time deposits and available-for-sale investments denominated in foreign currencies, which exposure the Group to foreign currency risk. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st March, 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and non-trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balance is limited because the counterparties are banks with high credit ratings.

The Group's concentration of credit risk by geographical location is mainly in Hong Kong and the People's Republic of China (the "PRC").

Except for the amount due from an associate of HK$18,617,000, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties, customers and bank balances.

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed rate time deposits. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

5. FINANCIAL INSTRUMENTS (continued)

5a. Financial risk management objectives and policies (continued)

Cash flow interest rate risk

The Group has exposure to cash flow interest rate risks as the bank balances and bank borrowings are arranged at floating rate. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Price risk

The Group's available-for-sale investments and investments held-for-trading are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

5b. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions – liquid crystal displays ("LCD") and liquid crystal module ("LCM"). These divisions are the basis on which the Group reports its primary segment information.

The principal activities of the Group are as follows:

LCDs – manufacture and sale of LCDs
LCMs – manufacture and sale of LCMs

Segmental information about these businesses is presented below:

2007

	LCDs *HK$'000*	LCMs *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External sales	318,884	114,233	23,170	456,287
Result				
Segment result	10,205	(301)		9,904
Unallocated income net of expenses				334
Dividend income				976
Interest income				11,926
Imputed interest income				1,895
Fair value gain on disposal of investments held for trading				1,456
Fair value gain on disposal of available-for-sale investments				1,365
Exchange loss				(7,167)
Unallocated corporate expenses				(2,366)
Share of results of associates			(6,208)	(6,208)
Share of results of jointly controlled entities			17,832	17,832
Finance costs				(857)
Profit before income tax				29,090
Income tax expense				(3,088)
Profit for the year				26,002

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

2007

Consolidated balance sheet

	LCDs	LCMs	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	306,038	74,927	60,478	441,443
Interests in associates	–	–	24,202	24,202
Interest in jointly controlled entities	–	–	134,035	134,035
Amount due from an associate	–	–	–	18,617
Amounts due from jointly controlled entities	–	–	–	45
Unallocated corporate assets	–	–	–	312,020
Consolidated total assets				930,362
Liabilities				
Segment liabilities	89,296	31,479	18,483	139,258
Amount due to an associate	–	–	–	2,441
Deferred consideration on acquisition of jointly controlled entities	–	–	40,404	40,404
Government loan	–	–	–	8,346
Tax payable	–	–	–	3,345
Dividend payable	–	–	–	132
Consolidated total liabilities				193,926
Other information				
Additions to property, plant and equipment	10,342	1,979	25,291	37,612
Additions to intangible assets	–	–	9,869	9,869
Deposits for land use rights	–	–	15,556	15,556
Allowance for doubtful debts	6,812	193	–	7,005
Allowance for obsolete inventories	5,059	582	–	5,641
Depreciation of property, plant and equipment	31,158	4,136	227	35,521
Amortisation of intangible assets	–	–	748	748
Loss on disposal of property, plant and equipment	55	–	1	56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

2006

	LCDs *HK$'000*	LCMs *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External sales	323,104	45,651	22,487	391,242
Result				
Segment result	1,559	(1,164)		395
Unallocated income net of expenses				1,216
Dividend income				4,166
Interest income				3,062
Change in fair value on derivative financial instruments				8,223
Change in fair value on investments held for trading				7,847
Fair value gain on disposal of investments held for trading				2,206
Fair value gain on disposal of available-for-sale investments				5,877
Fair value gain on disposal of investment properties				231
Exchange gain				243
Unallocated corporate expenses				(3,431)
Share of results of associates			(5,441)	(5,441)
Share of results of jointly controlled entities			14,018	14,018
Finance costs				(1,451)
Profit before income tax				37,161
Income tax expense				(1,853)
Profit for the year				35,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

2006

Consolidated balance sheet

	LCDs HK$'000	LCMs HK$'000	Unallocated HK$'000	Consolidated HK$'000
Assets				
Segment assets	317,103	29,322	26,697	373,122
Interests in associates	–	–	29,403	29,403
Interest in jointly controlled entities	–	–	109,858	109,858
Amount due from an associate	–	–	–	9,133
Unallocated corporate assets	–	–	–	284,475
Consolidated total assets				805,991
Liabilities				
Segment liabilities	75,683	6,099	5,651	87,433
Amount due to associates	–	–	–	2,991
Bank borrowings	–	–	–	31,500
Deferred consideration on acquisition of jointly controlled entities	–	–	57,504	57,504
Tax payable	–	–	–	927
Deferred tax liabilities	–	–	–	188
Consolidated total liabilities				180,543
Other information				
Additions to property, plant and equipment	13,751	1,755	1,158	16,664
Allowance for doubtful debts	2,036	–	–	2,036
(Write back of) allowance for obsolete inventories	(2,560)	268	–	(2,292)
Depreciation and amortisation of property, plant and equipment	28,559	3,728	127	32,414
Loss on disposal of property, plant and equipment	2,145	–	–	2,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

The Group's operations are mainly located in Hong Kong and other regions of the PRC. The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of goods or services.

	Sales revenue by geographical market	
	2007	2006
	HK$'000	*HK$'000*
Hong Kong, the PRC	**229,415**	221,364
Other regions of the PRC	**60,554**	54,912
Japan	**61,772**	41,429
Other countries	**104,546**	73,537
	456,287	391,242

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong, the PRC	**157,676**	144,643	**602**	1,348
Other regions of the PRC	**277,797**	225,139	**37,000**	15,043
Other regions	**5,970**	3,340	**10**	273
	441,443	373,122	**37,612**	16,664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

7. INVESTMENT INCOME

	2007 HK$'000	2006 HK$'000
Interest on bank deposits	**11,623**	2,886
Fair value gain on disposal of investment held for trading	**1,456**	2,206
Fair value gain on disposal of available-for-sale investments	**1,365**	5,877
Charge in fair value on investment held trading	**–**	7,847
Imputed interest on interest-free government loan	**1,715**	–
Imputed interest on interest-free other payables	**180**	–
Dividends from listed equity securities	**976**	4,166
Interest on amount due from an associate	**303**	176
	17,618	23,158

8. FINANCE COSTS

	2007 HK$'000	2006 HK$'000
Interest on bank borrowings wholly repayable within five years	**857**	1,451

9. INCOME TAX EXPENSE

	2007 HK$'000	2006 HK$'000
The income tax expense comprises:		
Current tax		
Hong Kong	**220**	1,692
Other jurisdictions	**3,116**	157
	3,336	1,849
(Over) underprovision in prior years		
Hong Kong	**(241)**	15
Deferred taxation		
Credit for the year	**(7)**	(11)
	3,088	1,853

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

Income tax for other jurisdictions are calculated at the rate prevailing in the relevant jurisdictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

9. INCOME TAX EXPENSE (continued)

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are exempted from PRC enterprise income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years which may be extended in the event where the subsidiaries are qualified as either export oriented or high technology companies.

In March 2007, the National People's Congress of the PRC approved the new PRC enterprise income tax law. With effect from 1st January, 2008, the tax rate will be unified for all enterprises, irrespective whether domestic or foreign invested, at the rate of 25% of its profits. The directors consider that the change in tax rate in the PRC shall have no immediate material impact to the tax position of the Group as the Group's PRC subsidiaries were set up before March 2006 and should be protected under grandfather relief, to be faded in five year transitional period. In addition, provided that the subsidiaries are qualified and endorsed as of high technology, certain tax incentives would also be retained post the changes to the enterprise income tax law.

The income tax expense for the year can be reconciled to the profit before income tax per the consolidation income statement as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit before income tax	**29,090**	37,161
Tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	**5,091**	6,503
Tax effect of temporary differences not recognised in the current year	**328**	463
Tax effect of share of results of associates	**1,086**	952
Tax effect of share of results of jointly controlled entities	**(3,121)**	(2,453)
Tax effect of expenses that are not deductible for tax purpose	**893**	59
Tax effect of income not taxable for tax purpose	**(626)**	(1,264)
(Over) underprovision in respect of prior years	**(241)**	15
Utilisation of tax losses previously not recognised	**(1,076)**	(1,925)
Effect of tax exemptions granted to the PRC subsidiaries	**(1,036)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,763**	(497)
Others	**27**	–
Income tax expense for the year	**3,088**	1,853

10. PROFIT FOR THE YEAR

	2007	2006
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging and (crediting):		
Auditors' remuneration		
– current year	**1,318**	1,230
– overprovided in prior year	**(252)**	–
Cost of inventories recognised as expenses	**385,501**	338,964
Depreciation of property, plant and equipment	**35,521**	32,414
Amortisation of intangible assets	**748**	–
Loss on disposals of property, plant and equipment	**56**	2,145
Staff costs, including directors' emoluments *(note 11)*	**92,578**	85,773
Allowance for doubtful debts	**7,005**	2,036
Allowance (write back of) obsolete inventories *(note)*	**5,641**	(2,292)
Net foreign exchange losses (gain)	**7,519**	(243)
Share of tax of jointly controlled entities (including in share of results of jointly controlled entities)	**139**	–

Note: The written back of obsolete stocks was as a result of sale of obsolete stocks at a higher value than the net realisable values estimated in previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the five directors were as follows:

Year ended 31st March, 2007

	Fang Hung, Kenneth HK$'000	Li Kwok Wai, Frankie HK$'000	Tien Pei Chun, James HK$'000	Chu Chi Wai, Allan HK$'000	Lau Yuen Sun, Adrian HK$'000	Total HK$'000
Fee	-	-	150	150	150	450
Other emoluments						
Salaries and other benefits	1,440	1,467	-	-	-	2,907
Retirement benefit scheme contributions	-	73	-	-	-	73
Total emoluments	1,440	1,540	150	150	150	3,430

Year ended 31st March, 2006

	Fang Hung, Kenneth HK$'000	Li Kwok Wai, Frankie HK$'000	Tien Pei Chun, James HK$'000	Chu Chi Wai, Allan HK$'000	Lau Yuen Sun, Adrian HK$'000	Total HK$'000
Fee	–	–	100	100	100	300
Other emoluments						
Salaries and other benefits	1,440	1,354	–	–	–	2,794
Retirement benefit scheme contributions	–	68	–	–	–	68
Total emoluments	1,440	1,422	100	100	100	3,162

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2006: two) were directors of the Company whose emoluments are included in note 11 above. The emoluments of the remaining three (2006: three) individuals were as follows:

	2007 ***HK$'000***	2006 *HK$'000*
Salaries and other benefits	**1,938**	1,884
Performance related incentive payments	**456**	351
Retirement benefit scheme contributions	**87**	78
Total emoluments	**2,481**	2,313

Each of their emoluments was within HK$1,000,000 for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

13. DIVIDEND

A final dividend of HK1 cent (2006: HK1 cent) per ordinary share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

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

	2007	2006
	HK$'000	*HK$'000*
Earnings attributable to equity holders of the Company for the purpose of basic earnings per share	**25,386**	36,186

	Number of shares	
	2007	2006
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings per share	**1,043,564**	1,043,564

No diluted earnings per share have been presented for both years as there were no potential ordinary shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold properties HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1st April, 2005	17,658	28,384	10,112	268,642	3,981	22,028	350,805
Additions	473	2,605	1,744	5,355	–	6,487	16,664
Disposals/written off	–	(5,770)	(333)	(22,380)	–	–	(28,483)
Transfers	–	1,565	–	23,064	–	(24,629)	–
At 31st March, 2006 and 1st April, 2006	18,131	26,784	11,523	274,681	3,981	3,886	338,986
Exchange realignment	–	–	4	–	10	580	594
Additions	–	215	1,082	5,528	700	30,087	37,612
Disposals	–	(28)	(132)	(4,925)	(364)	–	(5,449)
Transfers	–	2,098	150	1,107	–	(3,355)	–
At 31st March, 2007	18,131	29,069	12,627	276,391	4,327	31,198	371,743
DEPRECIATION AND AMORTISATION							
At 1st April, 2005	3,593	15,728	3,938	140,676	2,300	–	166,235
Provided for the year	827	3,028	1,457	26,608	494	–	32,414
Eliminated on disposals/ written off	–	(4,863)	(302)	(21,173)	–	–	(26,338)
At 31st March, 2006 and 1st April, 2006	4,420	13,893	5,093	146,111	2,794	–	172,311
Exchange realignment	–	–	–	–	1	–	1
Provided for the year	828	3,400	1,819	29,061	413	–	35,521
Eliminated on disposals	–	(16)	(98)	(4,915)	(67)	–	(5,096)
Transfers	–	615	–	(615)	–	–	–
At 31st March, 2007	5,248	17,892	6,814	169,642	3,141	–	202,737
CARRYING VALUES							
At 31st March, 2007	12,883	11,177	5,813	106,749	1,186	31,198	169,006
At 31st March, 2006	13,711	12,891	6,430	128,570	1,187	3,886	166,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated and amortised on a straight-line basis at the following rates per annum:

Freehold and leasehold properties	Over the shorter of the lease term or 20 years, whichever is shorter
Furniture and fixtures	10 – 25%
Office equipment	15 – 25%
Plant and machinery	10 – 25%
Motor vehicles	10 – 20%

The carrying value of the properties shown above comprises:

	2007	2006
	HK$'000	*HK$'000*
Properties in Hong Kong held under medium-term leases	**3,888**	4,065
Properties outside Hong Kong held under:		
Freehold	**946**	983
Medium-term lease	**8,049**	8,663
	12,883	13,711

16. INVESTMENT PROPERTIES

	2007	2006
	HK$'000	*HK$'000*
FAIR VALUE		
At beginning of the year	**–**	1,200
Fair value gain of investment properties	**–**	231
Disposals	**–**	(1,431)
At end of the year	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

17. INTERESTS IN ASSOCIATES

	2007	2006
	HK$'000	*HK$'000*
Cost of investment in associates	**40,000**	40,000
Share of post-acquisition deficit	**(15,798)**	(10,597)
	24,202	29,403

Details of the Group's principal associates as at 31st March, 2007 are as follows:

Name	Form of business	Place of incorporation or registration/ operation	Percentage of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Issued and fully paid up share/ registered capital	Principal activities
Crown Capital Holdings Limited ("Crown Capital")	Incorporated	BVI	47.05%	–	US$8,502	Investment holding
Beijing Visionox Technology Co., Limited ("Visionox")	Sino-foreign corporate joint venture	PRC	–	34.45%	RMB82,142,900	Development, manufacturing and marketing of Organic Light Emitted Display ("OLED") products

Included in the cost of investment in associates is goodwill of HK$2,236,000 (2006: HK$2,236,000) arising on acquisitions of associates in prior years.

Before the adoption of HKFRS 3 Business Combinations, goodwill was amortised over its useful lives of 10 years. The Company has stopped the amortisation after the adoption of HKFRS 3.

The summarised financial information of the Group's associates is set out below:

Financial position

	2007	2006
	HK$'000	*HK$'000*
Total assets	**94,568**	101,747
Total liabilities	**(47,880)**	(44,007)
Net assets	**46,688**	57,740
Net assets attributable to the Group	**21,966**	27,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

17. INTERESTS IN ASSOCIATES (continued)

Results for the year

	2007 HK$'000	2006 HK$'000
Revenue	**2,144**	2,131
Loss for the year	**(13,195)**	(11,564)
Loss for the year attributable to the Group	**(6,208)**	(5,441)

Balances with associates

At 31st March, 2007, the amount due from and to an associate is unsecured, interest-free and is repayable upon request. At 31st March, 2006, the amount due from an associate was unsecured, interest-bearing at People's Bank of China three-month lending rate per annum and full repaid during the year. The effective interest rate of the amount due from an associate was 5.76%.

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2007 HK$'000	2006 HK$'000
Cost of unlisted investments in jointly controlled entities	**95,840**	95,840
Share of post-acquisition reserve	**38,195**	14,018
	134,035	109,858

At 31st March, 2007, the Group had interest in the following principal jointly controlled entities:

Name of entity	Form of business structure	Place of incorporation and operation	Proportion of nominal value of issued ordinary share capital indirectly held by the Company	Principal activities
Nantong Jianghai Capacitor Company Limited ("Nantong Jianghai")	Sino-foreign corporate joint venture	PRC	50%	Manufacturing and trading of aluminum electrolytic capacitors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

In December 2005, the Group entered into an agreement to contribute RMB40,000,000 (HK$38,336,000) for 40% registered capital of Nantong Jianghai ("Nantong Jianghai Agreement"). Nantong Jianghai Agreement also included supplemental agreement for further investment in Nantong Jianghai, for an additional 10% registered capital of Nantong Jianghai ("Nantong Jianghai Supplemental Agreement") for an additional consideration of RMB60,000,000 (HK$57,504,000).

The acquisition was a bargain purchase and gave rise to a discount on acquisition of HK$12,845,000 and this amount had been included as income in the determination of the Group's share of results of jointly controlled entities for the year ended 31st March, 2006.

At the balance sheet date, a total of RMB60,000,000 (HK$57,754,000) has been contributed into Nantong Jianghai and the remaining HK$40,404,000 equivalent to RMB40,000,000 of deferred contributions for acquisition is included in current liabilities in the consolidated balance sheet.

The outstanding consideration of RMB40,000,000 (HK$40,404,000) has been fully injected after the year end.

The summarised financial information of the Group's jointly controlled entities which are accounted for using the equity method is set out below.

	2007 ***HK$'000***	2006 *HK$'000*
Current assets	**343,567**	280,637
Non-current assets	**140,636**	160,816
Current liabilities	**182,633**	207,194
Non-current liabilities	**33,501**	14,543
Revenue	**379,824**	98,629
Expense	**344,160**	96,285
Financial position and result for the period since acquisition:		
Net assets attributable to the Group	**134,035**	109,858
Share of results of jointly controlled entities	**17,832**	1,173

At 31st March, 2007, Nantong Jianghai had guarantees amounting to approximately HK$78,000,000 (2006: HK$67,088,000) given to banks in respect of bank facilities granted to a third party. The directors considered that the fair value of the financial guarantee is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

19. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2007	2006
	HK$'000	*HK$'000*
Listed investments:		
– Equity securities listed in Hong Kong	**–**	58,504
– Equity securities listed elsewhere	**21,695**	59,386
Total	**21,695**	117,890

As at the balance sheet date, all available-for-sale investments are stated at fair value. Fair values of those investments have been determined by reference to bid prices quoted from relevant stock exchanges. The equity securities listed elsewhere is denominated in Canadian Dollars.

20. INTANGIBLE ASSET

	Club memberships	**Development projects**	**Patents**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1st April, 2005, 31st March, 2006 and 1st April, 2006	1,459	–	–	1,459
Exchange realignment	–	140	92	232
Additions	–	5,921	3,948	9,869
At 31st March, 2007	1,459	6,061	4,040	11,560
AMORTISATION				
At 1st April, 2005, 31st March, 2006 and 1st April, 2006	–	–	–	–
Exchange realignment	–	–	18	18
Charge for the year	–	–	748	748
At 31st March, 2007	–	–	766	766
CARRYING VALUES				
At 31st March, 2007	1,459	6,061	3,274	10,794
At 31st March, 2006	1,459	–	–	1,459

The development projects and patents are acquired from an associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

20. INTANGIBLE ASSET (continued)

The development project and patents have definite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Development projects	5 years
Patents	5 years

The club memberships have indefinite useful lives.

The club memberships currently have second hand market and have no foreseeable limit to their useful lives. The directors of the Company are in the opinion that the Group will continue to hold the club memberships and has the ability to do so. The club memberships have been tested for impairment in the current year by reference to their second hand market values and no impairment loss was charged for the current year.

21. INVENTORIES

	2007	2006
	HK$'000	*HK$'000*
Raw materials	**43,792**	39,424
Work in progress	**13,749**	4,275
Finished goods	**25,341**	25,263
	82,882	68,962

22. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

	2007	2006
	HK$'000	*HK$'000*
Trade receivables and bills receivables	**96,550**	100,673
Less: accumulated impairment	**(13,085)**	(9,235)
	83,465	91,438
Other receivables	**27,964**	5,362
	111,429	96,800

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

22. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE (continued)

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

	2007	2006
	HK$'000	*HK$'000*
Up to 30 days	**74,616**	67,703
31 – 60 days	**2,403**	7,015
61 – 90 days	**2,747**	5,362
91 – 120 days	**2,217**	3,168
Over 120 days	**1,482**	8,190
	83,465	91,438
Other receivables	**27,964**	5,362
	111,429	96,800
Amount analysed for reporting purposes as:		
Trade and other receivables	**111,429**	95,933
Bills receivables	**–**	867
	111,429	96,800

23. INVESTMENTS HELD FOR TRADING

Investments held for trading at 31st March, 2006 represented investments in equity securities listed in Hong Kong. The fair values of the trading investments were determined by reference to bid prices quoted on the Stock Exchange.

24. BANK BALANCES AND CASH/TIME DEPOSITS WITH MATURITY OVER THREE MONTHS

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Bank balances are interest bearing at respective saving deposits rate in Hong Kong and the PRC, and the effective interest rate of the Group's bank balances ranged from 0.72% to 3.0% (2006: 0.75% to 3.0%) per annum.

Time deposits with maturity over three months are mainly denominated in United States dollars, approximately equivalent to HK$144,611,000. The contractual and effective interest rate of the Group's time deposit is approximately 4.6% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

25. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

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

	2007	2006
	HK$'000	*HK$'000*
Up to 30 days	**23,075**	14,969
31 – 60 days	**15,498**	9,360
61 – 90 days	**14,539**	6,924
91 – 120 days	**7,456**	2,664
Over 120 days	**4,608**	5,948
	65,176	39,865
Other payables	**61,790**	47,568
	126,966	87,433
Amount analysed for reporting purposes as:		
Trade and other payables	**122,389**	82,516
Dividend payable	**132**	–
Bills payable	**2,609**	4,917
Other payables – non-current *(note)*	**1,836**	–
	126,966	87,433

Note: The non-current other payables represents an amount of RMB2,000,000 (HK$2,020,000) payable to a supplier which is due in December 2008. The other payable is discounted to present value approximates to the fair value, resulting in an imputed interest income of HK$180,000 (2006: nil) being recognised as investment income during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

26. BANK BORROWINGS

	2007	2006
	HK$'000	*HK$'000*
Unsecured bank loans	–	31,500
Carrying amount repayable:		
Within one year or on demand	–	9,000
More than one year, but not exceeding two years	–	9,000
More than two years, but not exceeding three years	–	9,000
More than three years, but not exceeding four years	–	4,500
	–	31,500
Less: Amounts due within one year shown under current liabilities	–	(9,000)
Amounts due after one year	–	22,500

The effective interest rate (being the contracted interest rate) on the Group's borrowings was Hong Kong Interbank Borrowings Offer Rate plus 0.65% per annum.

All the Group's borrowings were denominated in Hong Kong dollars.

The Group had no bank borrowings outstanding at 31st March, 2007.

27. DEFERRED INCOME

Government grant of RMB12,300,000 (HK$12,139,000) has been received during the year for the purpose of technological development. As at balance sheet date, out of the RMB12,300,000 (HK$12,424,000) deferred income, deferred income of approximately HK$808,000 is expected to be recognised within one year and classified as current liability.

28. GOVERNMENT LOAN

During the year, an interest-free government loan of RMB10,000,000 (HK$10,101,000) which shall be repaid in September 2009 is received from the PRC government for certain technological development projects. The non-interest bearing loan is discounted to its present value approximates to the fair value, resulting in an imputed interest income of HK$1,755,000 (2006: Nil) being recognised as investment income during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

29. DEFERRED CONSIDERATION ON ACQUISITION OF JOINTLY CONTROLLED ENTITIES

During the year, the Group further injected RMB20,000,000 equivalent to HK$19,418,000 into the jointly controlled entities.

The outstanding consideration of RMB40,000,000 (HK$40,404,000) has been fully injected after the year end.

30. DEFERRED TAXATION

The deferred tax liabilities (assets) recognised and movements thereon during the current and prior years are as follows:

	Investment revaluation reserve	**Accelerated tax depreciation**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2005	–	698	(680)	18
Charge (credit) to consolidated income statement for the year	–	(64)	53	(11)
Deferred tax liability arising on change in fair value of available-for-sale investments	181	–	–	181
At 31st March, 2006 and 1st April, 2006	181	634	(627)	188
Charge (credit) to consolidated income statement for the year	–	13	(20)	(7)
Reversal of deferred tax liability upon disposal of available-for-sale investments	(181)	–	–	(181)
At 31st March, 2007	–	647	(647)	–

At the balance sheet date, the Group had unused tax losses of HK$26.6 million (2006: HK$34.4 million) and temporary differences on allowance for trade receivables of HK$12.9 million (2006: HK$9.2 million) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$3.7 million (2006: HK$3.6 million) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$22.9 million (2006: HK$30.8 million) and temporary differences on allowance for trade receivables of HK$12.9 million (2006: HK$9.2 million) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

31. SHARE CAPITAL

	Number of shares 2007 & 2006	2007 & 2006
	'000	*HK$'000*
Ordinary shares of HK$0.20 each		
Authorised	2,000,000	400,000
Issued and fully paid	1,043,564	208,713

There are no movement for the share capital for both years.

32. CAPITAL COMMITMENT

	2007	2006
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and machinery contracted for but not provided in the financial statements	**36,843**	8,311
Capital expenditure in respect of acquisition of property, plant and machinery authorised for but not contracted	**250,181**	–

33. OPERATING LEASE COMMITMENT

As lessee

Minimum lease payments paid under operating leases for rented premises during the year amounted to approximately HK$3,918,000 (2006: HK$4,022,000).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2007	2006
	HK$'000	*HK$'000*
Within one year	**2,161**	2,242
In the second to fifth year inclusive	**3,527**	2,377
Over the fifth year	**1,880**	–
	7,568	4,619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

33. OPERATING LEASE COMMITMENT (continued)

Operating lease payments represent rentals payable by the Group for certain of its factories and office properties. Leases are negotiated and rentals are fixed for an average term of four years.

34. RETIREMENT BENEFIT PLANS

The Group operated a defined contribution retirement benefit scheme ("Defined Contribution Scheme") for its qualifying employees in Hong Kong. The assets of the scheme were held separately from those of the Group in funds under the control of an independent trustee. Where an employee left the Defined Contribution Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions was used to reduce future contributions payable by the Group.

With effect from 1st December, 2000, the Group has formed a Mandatory Provident Fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the scheme.

The retirement benefit scheme contributions arising from the Defined Contribution Scheme and the MPF Scheme charged to the consolidated income statement represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated income statement of approximately HK$4,061,000 (2006: HK$3,792,000) after forfeited contributions utilised in the Defined Contribution Scheme of approximately HK$18,000 (2006: HK$52,000) represents contributions payable to these schemes by the Group in respect of the current year.

35. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with associates:

	2007	2006
	HK$'000	*HK$'000*
Nature of transactions		
Interest income received	**303**	176
Accountancy service income	**360**	360
Acquisition of development projects	**5,921**	–
Acquisition of patents	**3,948**	–

Compensation of key management personnel

The remuneration of directors and other member of key management during the year was as follows:

	2007	2006
	HK$'000	*HK$'000*
Short-term benefits	**3,357**	3,094
Post-employment benefits	**73**	68
	3,430	3,162

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individual and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

36. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31st March, 2007 are as follows:

Name of subsidiary	Legal form of business	Place of incorporation or registration/ operations	Issued and fully paid up share/registered capital	Percentage of nominal value of issued share/registered capital held by the Company	Principal activities
Billion Power Investment Limited	Incorporated	Hong Kong	HK$1	100%	Investment holding
Jiangmen Yeebo Electronic Technology Ltd. 江門億都電子科技有限公司	Wholly-owned foreign enterprise	The PRC	US$5,000,000 registered capital	100%	Manufacture of LCMs
Jiangmen Yeebo Semiconductor Co., Ltd. 江門億都半導體有限公司	Sino-foreign corporate joint venture	The PRC	US$9,307,000 registered capital	80% *(Note a)*	Manufacture of LCDs
LCD Industries Limited	Incorporated	BVI	US$1	100%	Development and trading of LCDs and LCMs and other related products
Yeebo (B.V.I.) Limited	Incorporated	BVI	US$8,100	100%	Investment holding
Yeebo Investment Limited	Incorporated	Malaysia	US$1	100%	Investment holding
Yeebo LCD Limited	Incorporated	Hong Kong	HK$10,000	100%	Development and trading of LCDs and LCMs and investment holding
Yeebo Manufacturing Limited	Incorporated	Hong Kong	HK$10,000	100%	Development and trading of LCDs and LCMs and investment holding
Yeebo Technology Limited	Incorporated	Hong Kong	HK$10,000	100%	Investment holding
Kunshan Visionox Display Company Limited ("Kunshan Visionox") 昆山維信諾顯示技術有限公司	Sino-foreign corporate joint venture	The PRC	RMB310,000,000 or HK$300,891,000	47.5% *(Note b)*	Development and trading of OLEDs

Notes:

(a) Jiangmen Yeebo Semiconductor Co., Ltd. was established by the Group with an independent third party in the PRC as a sino-foreign co-operative joint venture. Under the subcontracting agreement, the Group is entitled to and responsible for all of their assets and liabilities and is entitled to all of the net results of its operation. The Group therefore effectively has a 100% attributable economic interest in this subsidiary.

(b) Kunshan Visionox is accounted for as a subsidiary since the Group has the power to control on the board of directors and operation of Kunshan Visionox by holding two options to acquire 52.5% registered capital in Kunshan Visionox in the first three year from 31st March, 2006 (the date of establishment).

36. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

The above table only includes those subsidiaries 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 all subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Yeebo (B.V.I.) Limited which is a directly owned subsidiary, all of the remaining subsidiaries are indirectly owned by the Company.

None of the subsidiaries had any debt capital outstanding at the end of the year or at any time during the year.

FINANCIAL SUMMARY

RESULTS

	Year ended 31st March,				
	2003	2004	2005	2006	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	273,181	308,187	387,293	391,242	**456,287**
Profit (loss) before income tax	(21,871)	54,957	193,424	37,161	**29,090**
Income tax expense	(1,191)	(738)	(930)	(1,853)	**(3,088)**
Profit (loss) for the year	(23,062)	54,219	192,494	35,308	**26,002**

ASSETS AND LIABILITIES

	At 31st March,				
	2003	2004	2005	2006	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Assets and liabilities					
Total assets	552,960	699,582	678,860	805,991	**930,362**
Total liabilities	(213,305)	(244,425)	(103,266)	(180,543)	**(193,926)**
	339,655	455,157	575,594	625,448	**736,436**
Equity attributable to equity holders of the Company	339,655	455,157	575,594	625,448	**614,499**
Minority interests	–	–	–	–	**121,937**
	339,655	455,157	575,594	625,448	**736,436**