YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

Annual Report 2007-08

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. FANG Hung, Kenneth, GBS, JP
Mr. LI Kwok Wai, Frankie
Mr. LEUNG Tze Kuen
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

Tricor Secretaries Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

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

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

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

FANG Hung, Kenneth, GBS, JP, aged 69, is the Chairman of the Group responsible for overall corporate development and strategic direction 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 50, is the Chief Executive Officer of the Group responsible for planning and developing corporate strategies, corporate policies setting and overall management of the Group. Mr. Li graduated from the Hong Kong University majoring in Business Management and has substantial experience in banking and corporate finance. Mr. Li joined the Group in November 1995.

LEUNG Tze Kuen, aged 45, is the Executive Vice President of the Group responsible for the planning and developing finance strategies, direct investment management and policy setting 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. Mr. Leung was appointed as an Executive Director of the Company in September 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Hon. TIEN Pei Chun, James, GBS, JP, aged 61, 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 56, has over 36 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 53, 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 branch 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.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

LAU Siu Ki, Kevin, aged 50, 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.

SENIOR MANAGEMENT

MA Ki Chu, Angela, aged 44, is the Executive Vice President and the Chief Operating Officer responsible for the sales and marketing of the Group as well as the management of LCD and LCM factories. Ms. Ma has extensive and indepth experience in marketing, customer service administration, factory operation and management information system. Ms. Ma joined the Group in 1997.

JIA Xiu Juan, aged 45, is the Executive Vice President and the Chief Financial Officer responsible for the financial management 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.

LIN Hsu Hung, aged 45, is the Executive Vice President responsible for the management and operation of the LCD and LCM factories. He has over 21 years' experience in LCD industry. Lin Hsu Hung joined the Group in 2002.

WAN Wai Tak, aged 56, is the Senior Vice President responsible for the global marketing. 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.

HAN Yu Zhong, aged 51, is the Vice President responsible for the sales and marketing 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 43, is the Vice President responsible for the operation of LCM factory as well as LCD and LCM product development. 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 16 years' experience in the development and production of LCD products. Ms. Lin joined the Group in 2003.

Frank LEE, aged 44, is the Vice President responsible for the sales and marketing in PRC and also the production and technological development of Indium Tin Oxide glass. Mr. Lee graduated from Hua Zhong University of Science and Technology in PRC majoring in Electromechanical Engineering and has over 19 years' experience in vacuum film plating. Mr. Lee joined the Group in 1997.

DIRECTORS AND SENIOR MANAGEMENT

Rue Steel MARSHALL Jr., aged 64, 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.

LIN Zhi Song, aged 38, is the Senior Manager responsible for the operation of LCD factory and the production technology of LCD products. Mr. Lin has over 9 years' experience in manufacturing and production of LCD products in Taiwan, Japan and the PRC. Mr. Lin joined the Group in 2006.

LIM Bee Lay, aged 59, 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 22 years' experience in LCD field in Singapore and Malaysia. Ms. Lim joined the Group in 2005.

Veronica KOO, aged 43, 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 15 years' experience in the LCD field in Malaysia, Singapore and China. Ms. Koo joined the Group in 2004.

HSIAO Hung Shih, aged 46, is the Senior Manager responsible for the production in LCM factory. Mr. Hsiao has over 10 years' experience in the planning and management of the production of Color STN, FSTN, STN and LCM. Mr. Hsiao joined the Group in 2003.

TIM Hsieh, aged 36, is the Senior Manager responsible for the production technology of LCM products. Mr. Hsieh holds a degree in Photoelectricity from National Yulin University of Science and Technology in Taiwan. He has over 11 years' relevant experience and joined the Group in 2005.

LIU Xiu Zhen, aged 40, is the Senior Manager responsible for the Group's information technology, customer service centers in PRC, the administrations and human resources of the LCD and LCM factories. Ms. Liu has broad experience in systematization of factory management. Ms. Liu graduated from Hua Zhong University of Science and Technology in PRC with a Bachelor's Degree in Engineering, and has 19 years' experience in factory product development and management. Ms. Liu joined the Group in 1993.

TSUI Siu Keung, aged 34, is the Senior Manager responsible for the sales and marketing in Hong Kong and overseas markets. Mr. Tsui graduated from the Hong Kong Polytechnic University with a degree in manufacturing engineering. Mr. Tsui has over 8 years' experience in customer service management, sales and marketing. Mr. Tsui joined the Group in 2000.

HUANG Wen Huei, aged 33, is the Senior Manager responsible for the sales and marketing in Japan and Taiwan markets. Mr. Huang obtained the Bachelor of Chemical Engineering in National Taiwan University, and the Master of Business Administration in FuJen Catholic University. He has over 6 years' experience in customer service and market operations of LCD and LCM products. Mr. Huang joined the Group in 2004.

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present to our shareholders the final results of the Company and its subsidiaries (collectively the "Group") for the twelve months ended 31st March, 2008.

While the core display business had improved this year, the profit attributable to equity holders of the Company decreased from approximately HK$25 million to approximately HK$11 million. It was largely due to the recognition of an impairment loss of approximately HK$32 million (the "Impairment Loss") in respect of the Group's investment in Ascalade Communication Inc., a company listed in Toronto Stock Exchange. Regarding its impact on the Group's profit for the current year, a profit warning announcement was issued on 20th March, 2008.

Excluding the Impairment Loss, the profit attributable to equity holders of the Company would have been approximately HK$43 million, representing a 72% growth over last year's HK$25 million. For the year under review, the Group posted impressive sales growth over last year. The revenue of the Group for the year was HK$681 million (2007: HK$456 million) representing a 49% increase over last year. Our strong marketing positioning in the medium to high end segment enabled us to capture the strong business growth in the year.

Looking ahead, the display industry is full of challenges like slow down of the US economy, appreciation of Renmenbi, mounting labour costs and global trend of inflation. With our solid market positioning, we are committed to move upmarket and will continue to broaden and enlarge the customer base with an aim to increase our market share in the display business.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I would like to take this opportunity to express our gratitude to our staff for their dedication and to our shareholders for their support.

Fang Hung, Kenneth
Chairman

Hong Kong, 17th July, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Group recorded a consolidated turnover and profit attributable to equity holders of the Company for the twelve months ended 31st March, 2008 amounted to approximately HK$681 million (2007: HK$456 million) and HK$11 million (2007: HK$25 million) respectively. The display business turnover increased by HK$225 million or 49% to HK$681 million. Geographically, the Group sales demonstrated a remarkable growth in local and overseas market like Europe. The display sales was boosted mainly by the LCM sales, which accounted for 50% of total sales. In particular, the TFT modules sales exhibited an impressive growth in the current year. On the other hand, LCD business environment continued to be very competitive with more new entrants and keen competitive pricing.

The Group recorded a gross profit of approximately HK$85 million for the twelve months ended 31st March, 2008 (2007: HK$65 million). The improvement in gross profit is largely attributable to the increase in turnover. The gross profit margin was 12% (2007: 14%). The decrease in gross profit margin was caused by the change in the sales mix between LCD and LCM in the two comparative periods and also the increase of manufacturing cost in PRC.

Investment income from the current year was approximately HK$10 million (2007: HK$18 million) largely generated from interest earned from bank deposits.

The selling and distribution expenses were approximately HK$36 million in the current year (2007: HK$37 million), which represented 5% of the sales (2007: 8%). This reflects the tight control in our selling and distribution expenses.

Administrative expenses for the year were approximately HK$52 million (2007: HK$38 million), representing an increase of $14 million. There were two main reasons for the increase. Firstly, it was due to exchange loss recorded in the books of our subsidiaries in PRC arising from the foreign currency bank deposit as the Renmenbi appreciated against such foreign currency in the current year. The foreign currency bank deposit was reserved for acquiring equipment and machinery for the OLED project. Secondly, it was due to the pre-operating cost incurred for the OLED factory in Kunshan. Finance costs were largely related to government loan borrowed by certain subsidiaries in PRC.

The Group reported a profit before taxation of approximately HK$6 million for the current year (2007: HK$29 million).

The profit before taxation has been adversely affected by the impact of the impairment loss of the Group's investment in Ascalade Communication Inc. ("Ascalade"). The share price of Ascalade has dropped significantly since 31st March, 2007. In March 2008, Ascalade obtained an order from a court in Canada granting it protection pursuant to the provisions under the Companies' Creditors Arrangement Acts. An independent firm of accountants has been appointed by the court to monitor the operations of Ascalade. The Board considered it prudent to recognize an impairment loss of approximately HK$32 million which virtually covers the whole of the Group's investment in Ascalade.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

Investment in Nantong Jianghai Capacitor Company Ltd. ("Nantong Jianghai")

In the year under review, the Group's share of profit of its jointly controlled entity, Nantong Jianghai, and its subsidiaries, amounted to approximately HK$25 million (2007: HK$18 million).

The business of Nantong Jianghai grew favourably. This was largely contributed by its committed strategy to diversify from consumer to industrial segment which earned a relatively higher margin; and continuously improve the quality of its products through its well-founded research and development team.

Investment in Kunshan Visionox Display Co. Ltd. ("Kunshan Visionox")

The construction of the first phase plant in Kunshan, Jiangsu, PRC with a total area of 31,000 square meters has been completed. The procurement of production equipment has been confirmed. Installation of machinery is expected to be completed by September 2008 and pilot run will commence thereafter. The factory will be equipped with the facilities to produce mono, color, area color and full color OLED products. The application will cover both consumer electronics and industrial instruments segment.

PROSPECTS

The management takes a cautions view on the outlook of its LCD and LCM business into the coming year. The forthcoming business environment is overcast by the slow down of the US economy, the appreciation of Renmenbi and up trend of manufacturing costs. The Group's profitability will inevitably be under pressure. The Group will continue to strengthen our foothold in the medium to high end segment by broadening and enlarging our customer base. The management will closely monitor the operating costs to sustain our competitive edge in the market.

LITIGATION

On 23rd July, 2007, Shenzhen Tian He Jian Sang Electronic Holdings Company Limited ("Shenzhen Tian He Jian Sang") issued legal proceedings in the High Court of Hong Kong against the Company for a sum of approximately RMB10,834,000 (equivalent to approximately HK$12,019,000) and incidental costs. The case was in reliance on certain legal proceedings that took place in the Province of Guangdong, PRC, and a judgment against the Company (the "PRC Judgment") in respect of a dispute regarding the transfer of certain plant and equipment in the PRC. Details of the case were set out in the Company's announcement dated 30th July, 2007. The enforcement of the PRC Judgement, though terminated by a PRC law court on 14th January, 2002, was reinstated by the PRC law court on 9th January, 2008. The Company denied liability and moved to have the case struck off on the ground that the case has been statute-barred. A trial of the preliminary issue was heard in the High Court of Hong Kong in late March and early April 2008 and ruled in favour of Shenzhen Tian He Jian Sang. The Company is dissatisfied with the judgement and has filed an appeal to the Court of Appeal. The Directors, after consulting the legal advisors of the Company, are of the opinion that there is a genuine good ground for the case.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

Our consolidated financial position continued to be healthy. As at 31st March, 2008, the Group's current ratio was 3.4 (2007: 3.2) and gearing ratio, as a ratio of bank borrowings to net worth, was nil (2007: nil). As at 31st March, 2008, the Group had total assets of HK$935 million which were financed by liabilities of HK$171 million and shareholders' equity of HK$764 million.

As at 31st March, 2008, the Group's banking facilities amounted to approximately HK$407 million (2007: HK$180 million) of which approximately HK$154 million (2007: HK$4 million) were utilized for issuance of letters of credit and bills payable.

Certain subsidiaries of the Company have foreign currency time deposits, 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, 2008, the Group's jointly controlled entity, Nantong Jianghai, had guarantees amounting to approximately RMB53,000,000 given to banks in respect of banking facilities granted to a third party and amounting to approximately RMB20,000,000 given to her jointly controlled entities.

As at balance sheet date, a subsidiary in PRC had pledged approximately HK$145 million equivalent bank deposits against certain banking facilities for the procurement of certain production equipment and machineries.

Except as disclosed above and in the section under "Litigation", the Group had no other material contingent liabilities and there was no material charge or pledge on the Group's assets as at 31st March, 2008.

MAJOR CUSTOMERS AND SUPPLIERS

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

	2008	2007
Percentage of purchases from the Group's largest supplier	**13%**	7%
Percentage of purchases from the Group's five largest suppliers	**29%**	26%
Percentage of turnover to the Group's largest customer	**2%**	6%
Percentage of turnover to the Group's five largest customers	**9%**	17%

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

As at 31st March, 2008 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 customer and/or five largest suppliers.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYMENT AND REMUNERATION POLICY

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

DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK1 cent per share (2007: HK1 cent) for the year ended 31st March, 2008 subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming Annual General Meeting. The final dividend will be paid on or about 15th October, 2008 to Shareholders whose names appear on the register of members of the Company at the close of business on 9th September, 2008.

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, 2008, 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)*
Mr. Leung Tze Kuen

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 69.00% 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, five 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	5/5
Mr. Li Kwok Wai, Frankie	5/5
Mr. Leung Tze Kuen	2/2*
Mr. Tien Pei Chun, James	3/5
Mr. Chu Chi Wai, Allan	5/5
Mr. Lau Yuen Sun	5/5

* *Mr. Leung Tze Kuen was appointed as an Executive Director on 21st September, 2007*

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, the advice and services of the Company Secretary, and 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. The Company has fully complied 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.

At one of the Board meetings held during the year, the Directors discussed and approved the nomination of Mr. Leung Tze Kuen as an additional Director.

The detailed information on re-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.

CORPORATE GOVERNANCE REPORT

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, 2008. 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 was noted and the remuneration of the Directors and 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	3/3
Mr. Chu Chi Wai, Allan	3/3
Mr. Tien Pei Chun, James	2/3

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, 2007 and for the six months ended 30th September, 2007;

(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, 2008.

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.

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	3,069,126
Non audit services	661,600
	3,730,726

CORPORATE GOVERNANCE REPORT

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 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, 2008, 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 announcements.

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 2007 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 2007 Annual General Meeting, all the resolutions were dealt with and passed on a show of hands.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, jointly controlled entity and associates are set out in notes 36, 17 and 16, respectively, to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2008 are set out in the consolidated income statement on page 26.

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 9th September, 2008, amounting to approximately HK$10,112,000, 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$85 million. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements of the issued share capital of the Company are set out in note 28 to the consolidated financial statements.

DIRECTORS' REPORT

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 29 and page 30.

The Company's reserve available for distribution to shareholders as at 31st March, 2008 were as follows:

	2008	2007
	HK$'000	*HK$'000*
Contributed surplus	**49,259**	49,259
Retained profits	**8,402**	6,891
	57,661	56,150

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 account.

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
Mr. Leung Tze Kuen (appointed on 21st September, 2007)

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, Mr. Li Kwok Wai, Frankie and Mr. Chu Chi Wai, Allan retire and, being eligible, offer themselves for re-election.

The directors 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 are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's Bye-Laws.

DIRECTORS' REPORT

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 31st March, 2008, 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	70.99%
Mr. Li Kwok Wai, Frankie *(Note)*	31,228,013	697,692,368	728,920,381	72.09%

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, 2008, 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.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2008, 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	69.00%
Esca Investment Limited *(Note)*	Indirectly beneficially owned	697,692,368	69.00%
Megastar Venture Limited *(Note)*	Indirectly beneficially owned	697,692,368	69.00%
Chong Hing Bank Limited	Directly beneficially owned	57,600,000	5.70%

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, 2008, 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

During the year, the Company repurchased a total of 32,408,000 ordinary shares in the capital of the Company on the Stock Exchange at HK$0.63 per share for a total consideration, including expenses, of approximately HK$20,540,000. The said shares were subsequently cancelled.

Save as disclosed above, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2008 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 but 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 director 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, 2008.

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, 2008.

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
17th July, 2008

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 26 to 79, which comprise the consolidated balance sheet as at 31st March, 2008, 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, 2008 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

17th July, 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Revenue	5	**680,973**	456,287
Cost of sales		**(596,471)**	(391,142)
Gross profit		**84,502**	65,145
Other income	6a	**13,142**	10,400
Investment income	6b	**10,145**	17,618
Selling and distribution expenses		**(36,113)**	(37,058)
Administrative expenses		**(52,165)**	(37,782)
Impairment loss on available-for-sale investments		**(32,011)**	–
Share of results of associates	16	**(5,478)**	(6,208)
Share of results of a jointly controlled entity	17	**25,194**	17,832
Finance costs	7	**(824)**	(857)
Profit before income tax		**6,392**	29,090
Income tax expense	8	**(3,916)**	(3,088)
Profit for the year	9	**2,476**	26,002
Attributable to:			
Equity holders of the Company		**10,978**	25,386
Minority interests		**(8,502)**	616
		2,476	26,002
Dividend recognised as distribution:	12		
2007 Final dividend of HK1 cent (2007: HK1 cent for 2006) per ordinary share		**10,436**	10,436
Earnings per share – basic	13	**HK1.06 cents**	HK2.43 cents

CONSOLIDATED BALANCE SHEET

As at 31st March, 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	14	**222,437**	169,006
Prepaid lease payment – non-current	15	**22,784**	–
Prepayment for acquisition of plant and equipment		**10,567**	458
Deposits for acquisition of land use rights		**–**	15,556
Prepayment to an associate	35	**22,188**	–
Interests in associates	16	**20,534**	24,202
Interest in a jointly controlled entity	17	**137,169**	134,035
Available-for-sale investments	18	**1,402**	21,695
Intangible assets	19	**9,493**	10,794
		446,574	375,746
Current assets			
Inventories	20	**104,551**	82,882
Trade and other receivables	21	**95,897**	111,429
Bills receivable		**888**	–
Dividend receivable from a jointly controlled entity		**37,165**	–
Prepaid lease payment – current	15	**475**	–
Amount due from an associate	16	**20,478**	18,617
Amount due from a jointly controlled entity		**–**	45
Pledged bank deposits	22	**144,711**	–
Time deposits with maturity over three months	22	**–**	147,641
Bank balances and cash	22	**84,776**	194,002
		488,941	554,616
Current liabilities			
Trade and other payables	23	**128,741**	122,389
Dividend payable	23	**–**	132
Bills payable	23	**5,413**	2,609
Amount due to an associate	16	**1,891**	2,441
Deferred income	24	**1,664**	808
Deferred consideration on acquisition of a jointly controlled entity	26	**–**	40,404
Tax payable		**6,725**	3,345
		144,434	172,128
Net current assets		**344,507**	382,488
Total assets less current liabilities		**791,081**	758,234
Non-current liabilities			
Deferred income	24	**17,240**	11,616
Government loan	25	**9,768**	8,346
Other payables	23	**–**	1,836
		27,008	21,798
		764,073	736,436

CONSOLIDATED BALANCE SHEET

As at 31st March, 2008

	Note	2008 HK$'000	2007 HK$'000
Capital and reserves			
Share capital	28	**202,231**	208,713
Reserves		**436,889**	405,786
Equity attributable to equity holders of the Company		**639,120**	614,499
Minority interests		**124,953**	121,937
Total equity		**764,073**	736,436

The financial statements on pages 26 to 79 were approved and authorised for issue by the Board of Directors on 17th July, 2008 and are signed on its behalf by:

Fang Hung, Kenneth
DIRECTOR

Li Kwok Wai, Frankie
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2008

	Attributable to equity holders of the parent										
	Share capital HK$'000	Share premium HK$'000	Capital reserve *(note (a))* HK$'000	Capital redemption reserve HK$'000	Investment revaluation reserve HK$'000	Other reserve *(note (b))* HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Equity total 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 27)*	–	–	–	–	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/ a jointly controlled entity 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 consolidated 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 and 1st April, 2007	208,713	147,303	2,125	1,347	(10,316)	–	13,400	251,927	614,499	121,937	736,436

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2008

	Attributable to equity holders of the parent										
	Share capital	Share premium	Capital reserve *(note (a))*	Capital redemption reserve	Investment revaluation reserve	Other reserve *(note (b))*	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*	*HK$'000*
Net loss on available-for-sale investments	–	–	–	–	(21,695)	–	–	–	(21,695)	–	(21,695)
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	17,389	–	17,389	11,518	28,907
Share of change in equity of associates/ a jointly controlled entity that are recognised directly in equity	–	–	–	–	–	–	16,414	–	16,414	–	16,414
Additional capital contribution from shareholders of a jointly controlled entity *(note (b))*	–	–	–	–	–	500	–	–	500	–	500
Net (losses) gains recognised directly in equity	–	–	–	–	(21,695)	500	33,803	–	12,608	11,518	24,126
Transfer to consolidated income statement in respect of impairment loss on available-for-sale investments	–	–	–	–	32,011	–	–	–	32,011	–	32,011
Profit for the year	–	–	–	–	–	–	–	10,978	10,978	(8,502)	2,476
Total recognised income and expense for the year	–	–	–	–	10,316	500	33,803	10,978	55,597	3,016	58,613
Share repurchase	(6,482)	(20,540)	–	6,482	–	–	–	–	(20,540)	–	(20,540)
Dividends	–	–	–	–	–	–	–	(10,436)	(10,436)	–	(10,436)
At 31st March, 2008	202,231	126,763	2,125	7,829	–	500	47,203	252,469	639,120	124,953	764,073

Notes:

(a) 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.

(b) Other reserve represents the Group's share of additional capital contribution from shareholders of a jointly controlled entity.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2008

	2008 *HK$'000*	2007 *HK$'000*
Operating activities		
Profit before income tax	**6,392**	29,090
Adjustments for:		
Finance costs	**824**	857
Share of result of associates	**5,478**	6,208
Share of result of a jointly controlled entity	**(25,194)**	(17,832)
Interest income	**(10,145)**	(11,926)
Imputed interest income	**–**	(1,895)
Dividend income	**–**	(976)
Depreciation	**37,423**	35,521
Amortisation of intangible assets	**2,103**	748
Loss on disposals of property, plant and equipment	**302**	56
Fair value gain on disposal of investments in held for trading	**–**	(1,456)
Fair value gain on disposal of available-for-sale investments	**–**	(1,365)
Allowance for doubtful debts	**4,347**	7,005
Allowance for obsolete inventories	**11,338**	5,641
Impairment loss on available-for-sale investments	**32,011**	–
Operating cash flows before movements in working capital	**64,879**	49,676
Increase in inventories	**(32,677)**	(19,561)
Decrease (increase) in trade and other receivables	**12,564**	(22,638)
(Increase) decrease in bills receivable	**(888)**	867
Increase in trade and other payables	**3,777**	39,864
Increase (decrease) in bills payable	**2,804**	(2,308)
Increase in deferred income	**4,983**	12,139
Cash generated from operations	**55,442**	58,039
Income tax paid	**(705)**	(677)
Net cash from operating activities	**54,737**	57,362

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2008

	2008 *HK$'000*	2007 *HK$'000*
Investing activities		
Decrease (increase) in time deposits with maturity over three months	**153,663**	(144,250)
Interest received	**10,145**	11,926
Proceeds from disposals of property, plant and equipment	**335**	297
Repayment from a jointly controlled entity	**45**	–
Advance to a jointly controlled entity	**–**	(45)
Increase in pledged bank deposits	**(137,133)**	–
Purchase of property, plant and equipment	**(84,456)**	(37,240)
Payment of deferred consideration in respect of acquisition of a jointly controlled entity	**(41,072)**	(19,418)
Prepayment to an associate	**(21,026)**	–
Prepayment for acquisition of plant and equipment	**(10,080)**	(458)
Deposits paid for acquisition of land use rights	**(5,850)**	(15,556)
Purchase of available-for-sale investments	**(1,402)**	–
Advance to an associate	**(34)**	(9,057)
Proceeds on disposal of investments held for trading	**–**	82,126
Proceeds on disposal of available-for-sale investments	**–**	58,830
Dividend received	**–**	1,190
Addition of intangible assets	**–**	(7,895)
Net cash used in investing activities	**(136,865)**	(79,550)
Financing activities		
Shares repurchase	**(20,540)**	–
Dividend paid	**(10,568)**	(10,304)
Interest paid	**(824)**	(857)
Repayment of amount due to an associate	**(550)**	(550)
Increase in government grant	**571**	9,869
Repayment of bank loans	**–**	(31,500)
Capital contribution by a minority shareholder	**–**	116,474
Net cash (used in) from financing activities	**(31,911)**	83,132
Net (decrease) increase in cash and cash equivalents	**(114,039)**	60,944
Effect of changes in exchange rates	**4,813**	8,289
Cash and cash equivalents at beginning of the year	**194,002**	124,769
Cash and cash equivalents at end of the year, represented by bank balances and cash	**84,776**	194,002

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

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 Corporate Information Section in page 2.

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, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st April, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

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

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 12	Service Concession Arranagements[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after 1st January, 2009
2 Effective for annual periods beginning on or after 1st July, 2009
3 Effective for annual periods beginning on or after 1st January, 2008
4 Effective for annual periods beginning on or after 1st July, 2008

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates

An associate is an entity 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 net assets of the associates, less any identified impairment loss. 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.

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

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 net assets of the jointly controlled entities, less any identified impairment loss. 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.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

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 sold in the normal course of business, net of discounts and sales related taxes.

Revenue from 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 including buildings held for use in the production or supply of goods and services, or for administrative purposes other than construction in progress are stated at cost less subsequent accumulated depreciation and amortisation and accumulated impairment losses.

Depreciation is 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, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortization charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

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.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 entity's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financials statements.

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.

The benefit of a government loan at a below-market rate of interests is treated as a government grant.

Retirement benefit costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

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.

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 below).

Inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Financial assets

The Group's financial assets are classified into one of two categories, loans and receivables and available-for-sale financial assets. 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.

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, dividend receivable from a jointly controlled entity, amount due from an associate, amount due from a jointly controlled entity, pledged bank deposits, time deposits with maturity over three months and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets 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 financial assets 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 (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, 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.

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 Group's financial liabilities generally classified as other financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables, dividend payable, bills payable, amount due to an associate, deferred consideration on acquisition of a jointly controlled entity 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.

Share repurchase

On share repurchase, the issued share capital of the Company will be reduced by the nominal value of the repurchased shares and such amount will be transferred to capital redemption reserve. The total amount paid on the repurchase will be charged to share premium.

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 profit or loss.

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 profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In the process of applying the Group's accounting policies which are described in Note 3, management has made the following estimates 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.

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 share of future cash flows of the associates are less than the carrying amount of the associates, an impairment loss may arise. As at 31st March, 2008, the carrying amount of interests in associates is HK$20,534,000 (2007: HK$24,202,000).

Estimated outcome of litigation in progress

As described in note 32, a writ of summons was issued against the Company by the High Court of Hong Kong as a joint and several co-defendant. The outcome of the litigation is estimated by the directors of the Company who rely on advice from the Company's legal counsel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two main operating divisions – liquid crystal displays ("LCD"), and liquid crystal displays 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:

2008

	LCDs *HK$'000*	LCMs *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External sales	325,762	338,136	17,075	680,973
Result				
Segment result	24,306	13,805		38,111
Unallocated operating income net of expenses				(7,253)
Interest income				10,145
Unallocated corporate expenses				(4,113)
Net exchange loss				(17,379)
Impairment loss on available-for-sale investments				(32,011)
Finance costs				(824)
Share of results of associates				(5,478)
Share of results of a jointly controlled entity				25,194
Profit before income tax				6,392
Income tax expense				(3,916)
Profit for the year				2,476

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

2008

Consolidated balance sheet

	LCDs	LCMs	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	213,517	88,736	178,141	480,394
Interests in associates				20,534
Interest in a jointly controlled entity				137,169
Amount due from an associate				20,478
Unallocated corporate assets				276,940
Consolidated total assets				935,515
Liabilities				
Segment liabilities	87,150	27,413	38,495	153,058
Amount due to an associate				1,891
Government loan				9,768
Tax payable				6,725
Consolidated total liabilities				171,442
Other information				
Additions to property, plant and equipment	4,757	6,936	73,221	84,914
Prepayment to an associate	–	–	22,188	22,188
Addition to prepaid lease payments	–	–	5,850	5,850
Allowance for doubtful debts	4,040	307	–	4,347
Allowance for obsolete inventories	7,397	3,941	–	11,338
Depreciation of property, plant and equipment	31,356	5,089	978	37,423
Amortisation of intangible assets	–	–	2,103	2,103
Loss on disposal of property, plant and equipment	302	–	–	302

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

2007

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

5. 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	230,950	73,479	60,478	364,907
Interests in associates				24,202
Interest in a jointly controlled entity				134,035
Amount due from an associate				18,617
Amount due from a jointly controlled entity				45
Unallocated corporate assets				388,556
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 a jointly controlled entity				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, 2008

5. 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	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong, the PRC	**386,827**	229,415
Other regions of the PRC	**66,452**	60,554
Europe	**75,031**	38,654
Japan	**62,896**	61,772
Other countries	**89,767**	65,892
	680,973	456,287

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	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong, the PRC	**76,688**	90,776	**1,395**	602
Other regions of the PRC	**396,292**	268,384	**83,307**	46,869
Other regions	**7,414**	5,747	**212**	10
	480,394	364,907	**84,914**	47,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

6a. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Tooling income	**4,372**	5,396
Scrap sales	**2,252**	2,149
Write-back of payables	**3,661**	–
Others	**2,857**	2,855
	13,142	10,400

6b. INVESTMENT INCOME

	2008	2007
	HK$'000	*HK$'000*
Interest on bank deposits	**10,145**	11,623
Interest on amount due from an associate	**–**	303
Imputed interest on interest-free other payables	**–**	180
Total interest income	**10,145**	12,106
Fair value gain on disposal of investment held for trading	**–**	1,456
Fair value gain on disposal of available-for-sale investments	**–**	1,365
Dividends from listed equity securities	**–**	976
Other investment income	**–**	1,715
	10,145	17,618

7. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**–**	857
Interest on other payables	**128**	–
Interest on government loan	**696**	–
	824	857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

8. INCOME TAX EXPENSE

	2008	2007
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current tax		
Hong Kong	**14**	220
Other jurisdictions	**3,857**	3,116
	3,871	3,336
Under/(Over) provision in prior years		
Hong Kong	**45**	(241)
Deferred taxation		
Credit for the year	**–**	(7)
	3,916	3,088

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

Taxation arising in other jurisdictions are calculated at the rate prevailing in the relevant jurisdiction.

The Group's subsidiaries operating in the PRC are eligible for certain tax holiday or concessions as an export oriented enterprise.

Under the tax holiday, certain PRC subsidiaries are exempted from PRC enterprise income tax for two years starting from its first profit-making year, followed by a 50% reduction for the next three years.

Certain PRC subsidiaries obtained qualification as an export oriented enterprise and subject to 50% reduction of foreign enterprise income tax rate. Under the new Enterprise Income Tax Law starting on 1st January, 2008, the 50% tax reduction incentive provided to export oriented enterprise has been removed.

Starting from 1st January, 2008, the statutory enterprise income tax rate of these subsidiaries would be 25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

8. INCOME TAX EXPENSE (continued)

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

	2008 *HK$'000*	2007 *HK$'000*
Profit before income tax	**6,392**	29,090
Tax at Hong Kong Profits Tax rate of 17.5% (2007: 17.5%)	**1,119**	5,091
Tax effect of temporary differences not recognised in the current year	**(108)**	328
Tax effect of share of results of associates	**959**	1,086
Tax effect of share of results of a jointly controlled entity	**(4,409)**	(3,121)
Tax effect of expenses that are not deductible for tax purpose	**8,645**	893
Tax effect of income not taxable for tax purpose	**(243)**	(626)
Under/(over) provision in respect of prior years	**45**	(241)
Utilisation of tax losses previously not recognised	**(1,096)**	(1,076)
Effect of tax exemptions granted to the PRC subsidiaries	**(98)**	(1,036)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(954)**	1,763
Others	**56**	27
Income tax expense for the year	**3,916**	3,088

9. PROFIT FOR THE YEAR

	2008 *HK$'000*	2007 *HK$'000*
Profit for the year has been arrived at after charging and (crediting):		
Auditors' remuneration		
– current year	**2,320**	1,318
– under(over) provided in prior year	**753**	(252)
Cost of inventories recognised as expenses	**585,133**	385,501
Depreciation of property, plant and equipment	**37,423**	35,521
Amortisation of intangible assets (included in administrative expenses)	**2,103**	748
Loss on disposals of property, plant and equipment	**302**	56
Staff costs, including directors' emoluments *(note 11)*	**107,317**	92,578
Allowance for doubtful debts	**4,347**	7,005
Allowance of obsolete inventories	**11,338**	5,641
Net foreign exchange losses	**17,379**	7,519
Share of tax of a jointly controlled entity (including in share of results of a jointly controlled entity)	**246**	139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

10. DIRECTORS' EMOLUMENTS

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

Year ended 31st March, 2008

	Fang Hung, Kenneth HK$'000	Li Kwok Wai, Frankie HK$'000	Leung Tze Kuen *(note (a))* 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	1,354	660	–	–	–	3,454
Performance related incentive payments *(note (b))*	–	113	252	–	–	–	365
Retirement benefit scheme contributions	–	73	46	–	–	–	119
Total emoluments	1,440	1,540	958	150	150	150	4,388

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	1,354	–	–	–	2,794
Performance related incentive payments *(note (b))*	–	113	–	–	–	113
Retirement benefit scheme contributions	–	73	–	–	–	73
Total emoluments	1,440	1,540	150	150	150	3,430

Notes:

(a) Mr. Leung Tze Kuen ("Mr. Leung") was appointed as an executive director in September 2007. The emolument of Mr. Leung included above represents his full year's emolument. Mr. Leung's emoluments for the period after his appointment as an executive director amounted to approximately HK$404,000.

(b) The performance related incentive payment is determined on a discretionary basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2007: two) were directors of the Company whose emoluments are included in note 10 above. The emoluments of the remaining two (2007: three) individuals were as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other benefits	**1,140**	1,938
Performance related incentive payments	**265**	456
Retirement benefit scheme contributions	**70**	87
Total emoluments	**1,475**	2,481

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

12. DIVIDEND

A final dividend of HK1 cent (2007: HK1 cent) per ordinary share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Earnings attributable to equity holders of the Company for the purpose of basic earnings per share	**10,978**	25,386

	Number of shares	
	2008	**2007**
	'000	***'000***
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,036,488**	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, 2008

14. 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, 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 and 1st April, 2007	18,131	29,069	12,627	276,391	4,327	31,198	371,743
Exchange realignment	–	20	137	–	80	6,442	6,679
Additions	–	529	957	7,107	1,075	75,246	84,914
Disposals	–	(631)	(331)	(17,971)	–	–	(18,933)
Transfers	–	2,712	341	3,952	–	(7,005)	–
At 31st March, 2008	18,131	31,699	13,731	269,479	5,482	105,881	444,403
DEPRECIATION AND AMORTISATION							
At 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 and 1st April, 2007	5,248	17,892	6,814	169,642	3,141	–	202,737
Exchange realignment	–	11	68	–	23	–	102
Provided for the year	828	3,751	1,933	30,098	813	–	37,423
Eliminated on disposals	–	(670)	(321)	(17,305)	–	–	(18,296)
At 31st March, 2008	6,076	20,984	8,494	182,435	3,977	–	221,966
CARRYING VALUES							
At 31st March, 2008	12,055	10,715	5,237	87,044	1,505	105,881	222,437
At 31st March, 2007	12,883	11,177	5,813	106,749	1,186	31,198	169,006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated 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:

	2008	2007
	HK$'000	*HK$'000*
Properties in Hong Kong held under medium-term leases	**3,710**	3,888
Properties outside Hong Kong held under:		
Freehold	**909**	946
Medium-term leases	**7,436**	8,049
	12,055	12,883

15. PREPAID LEASE PAYMENT

	2008
	HK$'000
The prepaid lease payments comprises:	
Medium-term leasehold land outside Hong Kong	**23,259**
Analysed of reporting purposes as:	
Current assets	**475**
Non-current assets	**22,784**
	23,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

16. INTERESTS IN ASSOCIATES

	2008 HK$'000	2007 HK$'000
Cost of unlisted investment in associates	**40,000**	40,000
Share of post-acquisition reserve	**(19,466)**	(15,798)
	20,534	24,202

Details of the Group's principal associates as at 31st March, 2008 and 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 Group Directly 2008 & 2007	Indirectly 2008 & 2007	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 ("Beijing 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 (2007: 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 ten 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

	2008 HK$'000	2007 HK$'000
Total assets	**102,217**	94,568
Total liabilities	**(63,326)**	(47,880)
Net assets	**38,891**	46,688
Net assets attributable to the Group	**18,298**	21,966

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

16. INTERESTS IN ASSOCIATES (continued)

Results for the year

	2008	2007
	HK$'000	*HK$'000*
Revenue	**4,618**	2,144
Loss for the year	**(11,642)**	(13,195)
Loss for the year attributable to the Group	**(5,478)**	(6,208)

Balances with associates

The amount due from and to an associate is unsecured, interest-free and is repayable on demand.

In the opinion of the directors, the amount due from an associate will be repaid within twelve months from the balance sheet date. Accordingly, it is shown as a current asset in the consolidated financial statements.

17. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2008	2007
	HK$'000	*HK$'000*
Cost of unlisted investment in a jointly controlled entity	**95,840**	95,840
Share of post-acquisition reserve, net of dividend	**41,329**	38,195
	137,169	134,035

At 31st March, 2008 and 2007, the Group had interest in the following jointly controlled entity:

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, 2008

17. INTEREST IN A JOINTLY CONTROLLED ENTITY (continued)

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

	2008	2007
	HK$'000	*HK$'000*
Current assets	**163,803**	171,784
Non-current assets	**117,799**	70,318
Current liabilities	**134,886**	91,317
Non-current liabilities	**9,547**	16,750
Revenue	**253,184**	189,912
Expense	**227,990**	172,080

18. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2008	2007
	HK$'000	*HK$'000*
Listed equity securities outside Hong Kong	**–**	21,695
Unlisted equity securities	**1,402**	–
Total	**1,402**	21,695

In the current year, full impairment has been made on the listed equity securities outside Hong Kong as a significant decline in the fair value of the investment below its cost and the investee has applied for protection pursuant to the provisions under the Companies' Creditors Arrangement Acts in Canada. The listed equity securities were denominated in Canadian dollars.

The unlisted investment represents investments in equity interest of a private entity in the PRC. It is measured at cost less impairment at the balance sheet date as the directors of the Company are of the opinion that their fair values cannot be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

19. INTANGIBLE ASSETS

	Club memberships	Development projects	Patents	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1st April, 2006	1,459	–	–	1,459
Exchange realignment	–	140	92	232
Additions	–	5,921	3,948	9,869
At 31st March, 2007 and 1st April, 2007	1,459	6,061	4,040	11,560
Exchange realignment	–	596	397	993
At 31st March, 2008	1,459	6,657	4,437	12,553
AMORTISATION				
At 1st April, 2006	–	–	–	–
Exchange realignment	–	–	18	18
Charge for the year	–	–	748	748
At 31st March, 2007 and 1st April, 2007	–	–	766	766
Exchange realignment	–	69	122	191
Charge for the year	–	1,262	841	2,103
At 31st March, 2008	–	1,331	1,729	3,060
CARRYING VALUES				
At 31st March, 2008	1,459	5,326	2,708	9,493
At 31st March, 2007	1,459	6,061	3,274	10,794

The development projects relating to OLED technologies and patents are acquired from an associate for production.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

19. INTANGIBLE ASSETS (continued)

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 has been identified for the current year.

20. INVENTORIES

	2008	2007
	HK$'000	*HK$'000*
Raw materials	**56,174**	43,792
Work in progress	**18,814**	13,749
Finished goods	**29,563**	25,341
	104,551	82,882

Included above are raw materials of approximately HK$2,123,000 (2007: HK$1,412,000) and finished goods of approximately HK$3,655,000 (2007: HK$2,849,000) which are carried at net realisable value.

21. TRADE AND OTHER RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**94,515**	96,550
Less: accumulated impairment	**(13,115)**	(13,085)
	81,400	83,465
Other receivables	**11,775**	25,493
Deposits	**1,441**	1,327
Prepayments	**1,281**	1,144
	95,897	111,429

The Group has a policy of allowing credit periods ranging form 30 days to 120 days. Trade receivables that were neither past due nor impaired are related to a number of independent customers that have a good track record with the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

21. TRADE AND OTHER RECEIVABLES (continued)

The following is an aging analysis by due date of trade receivables net of allowance for doubtful debts at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Current	**49,164**	47,863
1 – 30 days	**26,490**	26,753
31 – 60 days	**3,611**	2,403
61 – 90 days	**2,135**	2,747
91 – 120 days	**–**	2,217
Over 120 days	**–**	1,482
	81,400	83,465

Before accepting any new customer, the Group would assess the potential customer's credit quality and define corresponding credit term.

Aging of trade receivables which are past due but not impaired:

	2008	2007
	HK$'000	*HK$'000*
1 – 30 days	**26,490**	26,753
31 – 60 day	**3,611**	2,403
61 – 90 days	**2,135**	2,747
91 – 120 days	**–**	2,217
Over 120 days	**–**	1,482
	32,236	35,602

Included in the Group's trade receivable balance are debtors with a carrying amount of approximately HK$32,236,000 (2007: HK$35,602,000) which are past due at the reporting date for which the Group has not provided for impairment loss as the directors assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

21. TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance for doubtful debts

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**13,085**	9,235
Currency realignment	**88**	–
Impairment losses recognised on receivables	**4,347**	7,005
Amounts written off as uncollectible	**(4,405)**	(3,155)
Balance at end of the year	**13,115**	13,085

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of HK$13,115,000 (2007: HK$13,085,000) which have delinquent payments. The Group does not hold any collateral over these balances.

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

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 0.1% to 3.33% (2007: 0.7% to 3.0%) per annum.

At 31st March, 2007, time deposits with maturity over three months were mainly denominated in United States dollars, other than the functional currency of respective group entities, approximately equivalent to HK$147,641,000. The contractual and effective interest rate of the Group's time deposit was approximately 4.6% per annum.

At 31st March, 2008, time deposits amounting to approximately HK$144,711,000 (2007: Nil) were mainly denominated in United States dollars, other than the functional currency of respective group entities, and were pledged to banks for securing purchases of certain machinery and equipments. The pledged bank deposits carry interest rate ranged from 2.25% to 3.87% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

23. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**61,574**	65,176
Accrued charges	**38,336**	25,060
Other payables	**34,244**	36,730
	134,154	126,966
Amount analysed for reporting purposes as:		
Trade and other payables	**128,741**	122,389
Dividend payable	**–**	132
Bills payable	**5,413**	2,609
Other payables – non-current *(Note)*	**–**	1,836
	134,154	126,966

Note: At 31st March, 2007, 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 being recognised as investment income during the year ended 31st March, 2007.

At 31st March, 2008, the amount is classified as current and included in other payables.

The following is an aging analysis by invoice date of trade payables at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Up to 30 days	**19,902**	23,075
31 – 60 days	**11,409**	15,498
61 – 90 days	**14,515**	14,539
91 – 120 days	**7,967**	7,456
Over 120 days	**7,781**	4,608
	61,574	65,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

24. DEFERRED INCOME

Government grant of approximately HK$4,983,000 (2007: HK$12,139,000) has been received during the year for the purpose of technological development. The government grant will be recognised upon the fulfillment of specific conditions as stipulated in the grant agreements. At the balance date, deferred income of approximately HK$1,664,000 (2007: HK$808,000) is expected to be recognised within one year and is therefore classified as current liability. No income has been recognised in the consolidated income statement for both years.

25. GOVERNMENT LOAN

Government loan of approximately HK$9,768,000 (2007: HK$8,346,000) which shall be repaid in January 2010 is obtained from the PRC government for certain technological development projects. The loan is bearing a below market interest rate.

26. DEFERRED CONSIDERATION ON ACQUISITION OF A JOINTLY CONTROLLED ENTITY

During the year, the Group injected the remaining RMB40,000,000 equivalent to HK$41,072,000 into the jointly controlled entity.

27. 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, 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 and 1st April, 2007	–	647	(647)	–
Charge (credit) to consolidated income statement for the year	–	(102)	102	–
At 31st March, 2008	–	545	(545)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

27. DEFERRED TAXATION (continued)

At the balance sheet date, the Group had unused tax losses of HK$21.6 million (2007: HK$28.4 million) and temporary differences on allowance for trade receivables of HK$12.3 million (2007: HK$12.9 million) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$3.1 million (2007: HK$3.7 million) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$18.5 million (2007: HK$24.7 million) and temporary differences on allowance for trade receivables of HK$12.3 million (2007: HK$12.9 million) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

28. SHARE CAPITAL

	Number of shares	
	'000	*HK$'000*
Ordinary shares of HK$0.20 each		
Authorised		
At 31st March, 2007 and 31st March, 2008	2,000,000	400,000
Issued and fully paid		
At 1st April, 2006, 31st March, 2007 and 1st April, 2007	1,043,564	208,713
Share repurchased	(32,408)	(6,482)
At 31st March, 2008	1,011,156	202,231

During the year, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	**No. of ordinary shares of HK$0.20 each**	**Price per share Highest**	**Price per share Lowest**	**Aggregate consideration paid**
	'000	*HK$*	*HK$*	*HK$'000*
January 2008	32,408	0.63	0.63	20,540

The above shares were cancelled upon repurchases.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years. The capital structure of the Group consists of equity attributable to equity holders of the Group, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall structure through the payment of dividends, new share issues and share repurchases as well as the issue of new debt or the redemption of existing debt.

30. FINANCIAL INSTRUMENTS

30a. Categories of financial instruments

	2008	2007
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)		
Trade and other receivables	**93,175**	108,958
Bills receivable	**888**	–
Pledged bank deposits	**144,711**	–
Time deposits with maturity over three months	**–**	147,641
Bank balances and cash	**84,776**	194,002
Dividend receivable from a jointly controlled entity	**37,165**	–
Amount due from an associate	**20,478**	18,617
Amount due from a jointly controlled entity	**–**	45
	381,193	469,263
Available-for-sale investments	**1,402**	21,695

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

30. FINANCIAL INSTRUMENTS (continued)

30a. Categories of financial instruments (continued)

	2008 HK$'000	2007 HK$'000
Financial liabilities		
Other financial liabilities at amortized cost		
Trade and other payables	**90,405**	99,297
Bills payable	**5,413**	2,609
Amount due to an associate	**1,891**	2,441
Government loan	**9,768**	8,346
Deferred consideration on acquisition of a jointly controlled entity	**–**	40,404
	107,477	153,097

30b. Financial risk management and policies

The executive management provides risk management advice to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These financial risks include market risk (including foreign currency risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments or natural hedges to mitigate these risk exposures. The Group has formulated policies on foreign currency risk, credit risk and liquidity risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with such policies is reviewed by the executive management on a continuous basis. The Group does not enter into or trade derivative financial instruments for speculative purposes.

Foreign currency risk management

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 66% of the Group's sales are denominated in currencies other than the functional currency of the entity making the sale, whilst approximately 18% of purchases are denominated in the respective entity's functional currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management and policies (continued)

Foreign currency risk management (continued)

The carrying amounts of the Group's significant monetary assets and monetary liabilities denominated at currencies other than the functional currency of the relevant group entity at the reporting date are as follows:

	Assets		Liabilities	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States dollars ("USD")	**215,164**	226,568	**46,413**	53,609
Renminbi ("RMB")	**21,739**	19,401	**44,499**	28,394

Monetary assets denominated in foreign currencies mainly represented time deposits and trade and other receivables, while monetary liabilities denominated in foreign currencies mainly represented trade and other payables held by the Group.

Sensitivity analysis

The Group is mainly exposed to the effect of fluctuation in RMB and USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes current account with foreign operations within the Group where denomination of the balances is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit for the year where the functional currencies of the relevant subsidiaries strengthens 5% against relevant currency. For a 5% weakening of the functional currencies of the relevant group entities against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2008	2007
	HK$'000	*HK$'000*
Profit (loss) for the year		
USD	**(8,438)**	(8,648)[(i)]
RMB	**1,138**	449[(ii)]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management and policies (continued)

Foreign currency risk management (continued)

Sensitivity analysis (continued)

Notes:

(i) This is mainly attributable to the exposure outstanding on USD bank deposits at year end.

(ii) This is mainly attributable to the exposure outstanding on RMB receivables and payables at year end.

The Group's sensitivity to foreign currency has increased during the current year mainly due to the increase in RMB expenses in the last quarter of the financial year which has resulted in more RMB denominated payables, without significant change in the exposure arose from USD denominated assets.

Credit risk management

As at 31st March, 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 32.

In order to minimise the credit risk, the management 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 debt investments 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 liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk on amount due from an associate and dividend receivable from a jointly controlled entity is limited as the directors of the Company consider the counter parties are of good financial standing and/or have good prospects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management and policies (continued)

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of banking facilities and ensures compliance with loan covenants.

As at 31st March, 2008, the Group's banking facilities amounted to approximately HK$406,611,000 (2007: HK$180,400,000) of which approximately HK$153,468,000 (2007: HK$4,438,000) were utilized for issuance of letters of credit and bills payable.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Effective interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	1-2 years	Total undiscounted cash flows	Total carrying amount at 31.3.2008
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2008							
Non-derivative financial liabilities							
Trade and other payables	0-6.57	–	88,256	2,219	–	90,475	90,405
Bills payable	–	–	5,413	–	–	5,413	5,413
Amount due to an associate	–	1,891	–	–	–	1,891	1,891
Government loan	1.00	–	28	83	11,186	11,297	9,768
		1,891	93,697	2,302	11,186	109,076	107,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management and policies (continued)

Liquidity risk management (continued)

Liquidity tables (continued)

	Effective interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	1-2 years	More than 2 years	Total undiscounted cash flows	Total carrying amount at 31.3.2007
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007								
Non-derivative financial liabilities								
Trade and other payables	0-6.57	–	97,461	–	2,020	–	99,481	99,297
Bills payable	–	–	2,609	–	–	–	2,609	2,609
Amount due to an associate	–	2,441	–	–	–	–	2,441	2,441
Government loan	1.00	–	25	76	101	10,185	10,387	8,346
Deferred consideration on acquisition of a jointly controlled entity	–	–	40,404	–	–	–	40,404	40,404
		2,441	140,499	76	2,121	10,185	155,322	153,097

30c. Fair value

The fair value of financial assets and financial liabilities 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, 2008

31. CAPITAL COMMITMENT

	2008	2007
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the financial statements in respect of:		
– Acquisition of plant and machinery	**165,307**	36,843
– Acquisition of intangible assets	**4,438**	–
	169,745	36,843
Capital expenditure in respect of acquisition of property, plant and machinery authorised for but not contracted	**52,308**	250,181

32. CONTINGENT LIABILITIES

(a) As at 31st March, 2008, Nantong Jianghai provided guarantees amounting to approximately HK$81,000,000 (2007: HK$104,000,000) to banks in respect of bank facilities granted to a supplier and two jointly controlled entities of Nantong Jianghai of which HK$40,500,000 (2007: HK$52,000,000) is shared by the Group. The directors considered that the fair value of the financial guarantees is insignificant.

(b) In July 2007, a writ of summons was issued against the Company by the High Court of Hong Kong for a sum of approximately RMB10,834,000 (equivalent HK$12,019,000) and incidental costs. The case was in reliance on certain legal proceedings that took place in the Province of Guangdong, the PRC in respective of a dispute regarding the transfer of certain plant and equipment in the PRC by a dissolved group entity. Details of the case were set out in the Company's announcement dated 30th July, 2007. The Company moved to have the case struck off on the ground that the case has been statute-barred. A trial of preliminary issue was heard in the High Court of Hong Kong in late March and early April 2008 and ruled in favour of the plaintiff. The Company has filed an appeal to the Court of Appeal. The directors of the Company, after consulting legal advisors, are of the opinion that the prospect of successfully defending the case is good. As the litigation is in process, the final outcome remains uncertain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

33. OPERATING LEASE COMMITMENT

As lessee

Minimum lease payments paid under operating leases for rented premises during the year amounted to approximately HK$4,824,000 (2007: HK$3,918,000).

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

	2008	2007
	HK$'000	*HK$'000*
Within one year	**2,329**	2,161
In the second to fifth year inclusive	**3,557**	3,527
Over the fifth year	**1,099**	1,880
	6,985	7,568

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 operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the Schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs to the Scheme, which contribution is matched by employees.

The retirement benefit scheme contributions arising from 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$2,953,000 (2007: HK$2,483,000) after forfeited contributions utilised in the MPF Scheme of approximately HK$25,000 (2007: HK$18,000) represents contributions payable to these schemes by the Group in respect of the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

35. RELATED PARTY TRANSACTIONS

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

	2008	2007
	HK$'000	*HK$'000*
Nature of transactions		
Interest income received	–	303
Accountancy service income	**360**	360
Acquisition of development projects	–	5,921
Acquisition of patents	–	3,948

During the year, the Group contracted for certain technological development service of a total contract amount of approximately HK$26,626,000 from Beijing Visionox, an associate of the Group. An agreement has been signed with the associate and the associate is required to perform certain development work related to OLED products.

At 31st March, 2008, HK$22,188,000 has been paid and the Group considers it as a prepayment paid to the associate and included in the prepayment to an associate in non-current assets.

Compensation of key management personnel

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

	2008	2007
	HK$'000	*HK$'000*
Short-term benefits	**3,742**	3,357
Post-employment benefits	**92**	73
	3,834	3,430

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, 2008

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31st March, 2008 and 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	Wholly-owned foreign enterprise	The PRC	US$9,307,000 registered capital	100% *(Note a)*	Manufacture of LCDs
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
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 TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

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

Notes:

(a) Jiangmen Yeebo Semiconductor Co., Ltd. was established by the Group with certain independent third parties 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 net results of its operation. The Group therefore effectively has a 100% attributable economic interest in this subsidiary. In November 2007, the subsidiary has become a wholly owned foreign enterprise and becomes a wholly owned subsidiary of the Group.

(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).

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.

37. POST BALANCE SHEET EVENT

A factory of Group’s jointly controlled entity was affected by the earthquake in Sichuan in May 2008. The earthquake has caused certain damages and disruptions to the factory. The jointly controlled entity is actively taking all necessary actions and measures to alleviate damages that the earthquake has caused. The estimated repairment cost of the factory is considered to be insignificant and the factory has resumed production in July 2008.

FINANCIAL SUMMARY

RESULTS

	Year ended 31st March,				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	308,187	387,293	391,242	456,287	**680,973**
Profit before income tax	54,957	193,424	37,161	29,090	**6,392**
Income tax expense	(738)	(930)	(1,853)	(3,088)	**(3,916)**
Profit for the year	54,219	192,494	35,308	26,002	**2,476**
Attributable to:					
Equity holders of the Company	54,219	192,494	36,186	25,386	**10,978**
Minority interests	–	–	(878)	616	**(8,502)**
	54,219	192,494	35,308	26,002	**2,476**

ASSETS AND LIABILITIES

	At 31st March,				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Assets and liabilities					
Total assets	699,582	678,860	805,991	930,362	**935,515**
Total liabilities	(244,425)	(103,266)	(180,543)	(193,926)	**(171,442)**
	455,157	575,594	625,448	736,436	**764,073**
Equity attributable to equity holders of the Company	455,157	575,594	625,448	614,499	**639,120**
Minority interests	–	–	–	121,937	**124,953**
	455,157	575,594	625,448	736,436	**764,073**