

*20<sup>th</sup>  
Anniversary*

OLED

TFT

LCM

LCD

Interim Report 2008/09



**Yeebo (International Holdings) Limited**  
(Incorporated in Bermuda with limited liability)  
Stock Code : 259

## CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present to our shareholders the interim report of the Company for the year 2008/2009.

For the six months ended 30th September, 2008, the Group recorded a setback in turnover as compared to the same period of last year. The revenue of the Group for the period was HK\$302 million (2007: HK\$377 million) representing a 20% decrease over last year. Profit attributable to equity holders of the Company is HK\$7 million as compared to HK\$8 million in last year. As affected by the slow down of the global economy, the appreciation of Renminbi as well as the increase in manufacturing cost in PRC, our profit margin was under pressure in the current period. Nevertheless, with a well-diversified customer base and wide range of product spectrum, we have managed to reduce the adverse impact to our Group's profitability.

Looking ahead, the display industry continues to face certain challenges including softening of the global demand for electronic products, currency fluctuation and difficult operating environment in PRC. A shake-up in the display industry is anticipated. To sustain our competitiveness, the Group has adopted measures to enhance the productivity, maintain a healthy cash position and well position to increase the market share in the display industry.

The investment in the OLED project has entered into a new phase as the production facilities have been installed in the plant in Kunshan, Jiangsu Province, PRC and the marketing activities are well underway to promote the OLED products. While the contribution to the Group profit is not expected to be significant in the near future, we hold the view that the investment in OLED will have long term benefit to the Group.

2008 is the 20th anniversary of our Group. To celebrate this memorable year of establishment and to show our appreciation to the continuous support of our shareholders, the Board is pleased to declare a special dividend for the year ending 31st March, 2009 of 2 cents per share.

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, 18th December, 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 six months ended 30th September, 2008 of approximately HK\$302 million (2007: HK\$377 million) and HK\$7 million (2007: HK\$8 million), respectively. The display business turnover decreased by HK\$75 million or 20% to HK\$302 million, of which sales of LCD decreased by HK\$16 million or 9% to HK\$168 million. The intense market competition of LCD has resulted in a decrease in its sales. Sales of LCM decreased by HK\$53 million or 30% to HK\$127 million. As changes in the market conditions of the TFT modules resulted in shrunken sales, the overall sales of LCM recorded a significant decrease during the period under review.

The Group recorded a gross profit of approximately HK\$32 million for the six months ended 30th September, 2008 (2007: HK\$55 million). The gross profit margin was 11% (2007: 14%). Such decreases were mainly due to the decrease in turnover and the increase in production costs. During the period, the Group's profitability was under pressure due to the appreciation of Renminbi as well as the increase in manufacturing cost in PRC.

Investment income for the period was approximately HK\$2 million (2007: HK\$6 million) which was largely generated from interest earned from bank deposits.

The selling and distribution expenses was approximately HK\$17 million in the six months ended 30th September, 2008 (2007: HK\$16 million), which represented 6% of the Group's turnover (2007: 4%). During the period, certain marketing programs were launched to promote the OLED products.

Administrative expenses for the six months ended 30th September, 2008 was approximately HK\$27 million (2007: HK\$28 million), representing a decrease of HK\$1 million, which was mainly due to the decrease in exchange loss. The exchange loss in the corresponding period of last year was mainly recorded in the books of Kunshan Visionox Display Co. Ltd., a partly owned subsidiary established in the PRC, arising from the translation of the USD bank deposit as the Renminbi appreciated against USD. Most of USD bank deposit had been used for acquiring plant and machinery for the OLED project in the current period.

Finance costs were largely related to the government loans and bank borrowings.

During the period, the Group recorded a profit before taxation of approximately HK\$4 million (2007: HK\$8 million).

## Significant Investments

### *Investment in Nantong Jianghai Capacitor Company Ltd. (“Nantong Jianghai”)*

Nantong Jianghai is a 50% owned jointly controlled entity of the Group engaged in the manufacture and trading of aluminum electrolytic capacitors. During the period under review, the Group’s share of profit of Nantong Jianghai and its subsidiaries amounted to approximately HK\$13 million (2007: HK\$10 million).

The business performance of Nantong Jianghai continued to fare favourably. This was largely contributed by its strategy to expand its sales channels, adjust its pricing strategy and vertically integrated its production in response to material shortage and the rise in material costs. Nantong Jianghai is planning to have its shares listed in a stock exchange in the PRC and at present is under tuition of an investment bank in preparation for its initial public offering. The Board wishes to emphasize that the initial public offering of Nantong Jianghai is subject to a number of conditions and may or may not proceed as planned.

### *Investment in Kunshan Visionox Display Co. Ltd. (“Kunshan Visionox”)*

The production equipment of Kunshan Visionox, the Group’s manufacture and trading arm in OLED products, is currently being installed, tested to be followed by trial production. The plant is equipped with facilities to produce monochrome, area color and full color OLED products, which will be used in the production of both consumer electronics and industrial instrument segment.

On 22nd September, 2008, the Group through Faith Crown International Limited (“Faith Crown”), a wholly owned subsidiary, entered into a restructuring agreement for the restructuring and increase in the registered share capital of Kunshan Visionox from RMB400 million to RMB665 million (the “Transaction”). Pursuant to the restructuring agreement, Faith Crown’s interest in the registered capital of Kunshan Visionox will decrease from 47.50% to 34.59%. On the other hand, Crown Capital Holdings Limited, a 47.05% owned associated company of the Group, will acquire a 12.66% in the registered capital of Kunshan Visionox through the exchange of its entire holding of 73.22% in the registered capital of Beijing Visionox Technology Company Ltd (“Beijing Visionox”). Upon completion of the Transaction, the effective equity interest of the Group in Kunshan Visionox will decrease from 47.50% to 40.55%. With the completion of the first phase of the production plant in Kunshan, Jiangsu Province, PRC, Kunshan Visionox has the capability to mass produce OLED products for commercial use. Beijing Visionox, on the other hand, holds various patents for the design, development and manufacture of OLED products. As a result of the Transaction, Kunshan Visionox and Beijing Visionox will work seamlessly together to generate the greatest return for their investors as they are now under common control. To the Group which has already invested in both Kunshan Visionox and Beijing Visionox before the Transaction, there is additional benefit as its investments in OLED would become more streamlined. Details of the Transaction were set out in the Company’s circular to its shareholders dated 21st October, 2008. The Transaction was approved in a special general meeting on 6th November, 2008.

## Prospects

In face of the global financial tsunami, the display business will inevitably be softened. This combined with the fluctuation in exchange rates and stern operating conditions in PRC have alleviated difficulties in the business environment over the near future. The management continues to capitalise on its strengths in marketing, development and production capabilities to maintain our competitiveness in the market. Productivity enhancement program has been launched to monitor the manufacturing cost. Cash flow is closely monitored to achieve a healthy cash position. Leveraging on our extensive marketing force, we strive to enlarge our market share in the display 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 in respect of a dispute regarding the transfer of certain plant and equipment in the PRC.

On 25th November, 2008, the Company and Shenzhen Tian He Jian Sang entered into the deeds of settlement pursuant to which the Company agreed to pay and Shenzhen Tian He Jian Sang agreed to accept a sum of money (the "Settlement Sum") as global settlement of all the disputes, obligations, duties and liabilities arising from various legal proceedings between the two parties, both in the mainland China and Hong Kong. Pursuant to the terms on an indemnity deed dated 31st March, 2001, Antrix Investment Limited, the Company's controlling shareholder, would accept the liability of the whole amount of the Settlement Sum. As a result, the settlement of the said legal cases has no financial impact on the Group's profit and loss account. Details of the settlement of litigation were set out in the Company's announcement dated 25th November, 2008.

## Contingent Liabilities and Charges of Assets

As at 30th September, 2008, a jointly controlled entity of the Group provided guarantees amounting to approximately HK\$90 million to banks in respect of bank facilities granted to a supplier and two jointly controlled entities of the jointly controlled entity; of which HK\$45 million is shared by the Group.

As at 30th September, 2008, the Group pledged approximately HK\$39 million of bank deposits to secure banking facilities of a subsidiary for procurement of certain production equipment and machineries and land use right of approximately HK\$24 million in PRC to secure a bank borrowing.

Except as disclosed above and in the section under "Litigation", the Group had no other material contingent liabilities and there was no charge or pledge on the Group's assets as at 30th September, 2008.

## **Liquidity and Financial Resources**

As at 30th September, 2008, the Group's current ratio was 1.8 (31st March, 2008: 3.4). The decrease in current ratio was mainly due to the utilization of bank deposits by Kunshan Visionox to acquire property plant and equipment. The gearing ratio, as a ratio of bank borrowings to net worth, was 6% (31st March, 2008: 0%). Both ratios are considered to be healthy.

As at 30th September, 2008, the Group had total assets of approximately HK\$1,007 million which were financed by liabilities of HK\$240 million and shareholders' equity of HK\$767 million.

As at 30th September, 2008, the Group's banking facilities amounted to approximately HK\$226 million (31st March, 2008: HK\$407 million) of which HK\$42 million (31st March, 2008: HK\$154 million) were utilized for issuance of letters of credit and bills payable; and HK\$20 million for secured bank loan (31st March, 2008: Nil) and HK\$28 million (31st March, 2008: Nil) for unsecured bank loan.

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.

## **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**

To celebrate the 20th Anniversary of the Group and to show their appreciation to the continuous support of the shareholders, the Directors have declared a special dividend for the year ending 31st March, 2009 of HK2 cents per ordinary share (year ended 31st March, 2008: Nil) totaling approximately HK\$20,223,000 (year ended 31st March, 2008: Nil) to shareholders of the Company whose names appear in the register of members of the Company at the close of business on 7th January, 2009. The special dividend is expected to be paid to the shareholders on or about 13th January, 2009.

The directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2008.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5th January, 2009 to 7th January, 2009, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the special dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 2nd January, 2009.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 30th September, 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			Percentage of Company's issued capital
	Personal interests	Through controlled corporations	Total	
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 owns 51% and 49%, respectively, of the issued share capital of Antrix Investment Limited.

Save as disclosed above, as at 30th September, 2008, none of the directors, the chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2008, the following interests and short position of 5% or more in the shares and underlying shares of the Company were recorded in register maintained by the Company pursuant to Section 336 of the SFO.

### Long position in the shares of the Company

	Capacity and nature of interest	Number of shares held	% of the Company's issued share capital
Anrix Investment Limited <i>(Note)</i>	Directly beneficially owned	697,692,368	69.00%
Esca Investment Limited <i>(Note)</i>	Indirectly beneficially owned	697,692,368	69.00%
Megastar Venture Limited <i>(Note)</i>	Indirectly beneficially owned	697,692,368	69.00%
Chong Hing Bank Limited	Directly beneficially owned	57,600,000	5.70%

*Note:* Anrix 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 Anrix Investment Limited, which have also been disclosed as an interest of Mr Fang Hung, Kenneth and Mr Li Kwok Wai, Frankie under the section "Directors' and Chief Executive's Disclosure of Interests".

Save as disclosed above, as at 30th September, 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.



## **CORPORATE GOVERNANCE**

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

Under Code provision A.4.1, non-executive Directors should be appointed for a specific term and subject to re-election. The existing non-executive Directors of the Company are 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 provision of the bye-laws of the Company. 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 board is reviewing the situation and will, where appropriate, take necessary steps including amendment of the Company's bye-laws to ensure compliance with the Code.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30th September, 2008.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

There was no purchase, sale or redemption of securities of the Company or by any of its subsidiaries during the six months ended 30th September, 2008.

## **AUDIT COMMITTEE**

The Audit Committee comprises all of the three independent non-executive Directors, namely Mr. Tien Pei Chun, James, GBS, JP, Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September, 2008.

By order of the Board  
**Lau Siu Ki, Kevin**  
*Company Secretary*

Hong Kong, 18th December, 2008



## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF YEEBO (INTERNATIONAL HOLDINGS) LIMITED**

### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 10 to 22 which comprises the condensed consolidated balance sheet of Yeebo (International Holdings) Limited as of 30th September, 2008 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

18th December, 2008

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2008

		<b>Six months ended</b>	
		<b>30.9.2008</b>	30.9.2007
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
Revenue	3	<b>302,077</b>	376,514
Cost of sales		<b>(269,795)</b>	(321,928)
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Gross profit		<b>32,282</b>	54,586
Other income		<b>4,344</b>	4,303
Investment income		<b>1,655</b>	6,238
Impairment loss on available-for-sale investments		–	(20,495)
Selling and distribution expenses		<b>(16,686)</b>	(15,652)
Administrative expenses		<b>(26,615)</b>	(28,177)
Share of losses of associates		<b>(3,322)</b>	(2,395)
Share of profits of a jointly controlled entity		<b>12,681</b>	10,244
Finance costs		<b>(621)</b>	(340)
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Profit before income tax		<b>3,718</b>	8,312
Income tax expense	4	<b>(971)</b>	(2,810)
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Profit for the period	5	<b>2,747</b>	5,502
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Attributable to:			
Equity holders of the Company		<b>7,123</b>	8,017
Minority interests		<b>(4,376)</b>	(2,515)
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		<b>2,747</b>	5,502
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Dividends	6	<b>10,112</b>	10,436
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Earnings per share			
Basic	7	<b>HK0.70 cent</b>	HK0.77 cent
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## CONDENSED CONSOLIDATED BALANCE SHEET

At 30th September, 2008

	Notes	30.9.2008 (Unaudited) HK\$'000	31.3.2008 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	369,327	222,437
Prepaid lease payment – non-current		23,060	22,784
Prepayment for acquisition of plant and equipment		2,249	10,567
Prepayment to an associate	15	32,889	22,188
Interests in associates		17,603	20,534
Interest in a jointly controlled entity		152,576	137,169
Available-for-sale investments		1,402	1,402
Intangible assets		8,538	9,493
		<b>607,644</b>	<b>446,574</b>
<b>Current assets</b>			
Inventories		97,464	104,551
Trade and other receivables	9	126,807	95,897
Bills receivable	9	753	888
Dividend receivable from a jointly controlled entity		37,165	37,165
Prepaid lease payment – current		485	475
Amount due from an associate	10	19,231	20,478
Pledged bank deposits		38,705	144,711
Bank balances and cash		78,709	84,776
		<b>399,319</b>	<b>488,941</b>
<b>Current liabilities</b>			
Trade and other payables	11	131,676	128,741
Dividend payable		10,112	–
Bills payable	11	2,041	5,413
Amount due to an associate	10	1,704	1,891
Deferred income		19,393	1,664
Bank borrowings due within one year	12	47,682	–
Tax payable		6,986	6,725
		<b>219,594</b>	<b>144,434</b>
<b>Net current assets</b>		<b>179,725</b>	<b>344,507</b>
<b>Total assets less current liabilities</b>		<b>787,369</b>	<b>791,081</b>
<b>Non-current liabilities</b>			
Deferred taxation		633	–
Deferred income		9,121	17,240
Government loan	13	10,314	9,768
		<b>20,068</b>	<b>27,008</b>
		<b>767,301</b>	<b>764,073</b>
<b>Capital and reserves</b>			
Share capital	14	202,231	202,231
Reserves		441,721	436,889
<b>Equity attributable to equity holders of the Company</b>		<b>643,952</b>	<b>639,120</b>
<b>Minority interests</b>		<b>123,349</b>	<b>124,953</b>
<b>Total equity</b>		<b>767,301</b>	<b>764,073</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 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
At 1st April, 2007 (audited)	208,713	147,303	2,125	1,347	(10,316)	-	13,400	251,927	614,499	121,937	736,436
Net losses on available-for-sale investments	-	-	-	-	(10,179)	-	-	-	(10,179)	-	(10,179)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	4,676	-	4,676	3,050	7,726
Share of translation reserve of associates/a jointly controlled entity that are recognised directly in equity	-	-	-	-	-	-	3,974	-	3,974	-	3,974
Net income (expense) recognised directly in equity	-	-	-	-	(10,179)	-	8,650	-	(1,529)	3,050	1,521
Transfer to income statement in respect of impairment loss of available-for-sale investments	-	-	-	-	20,495	-	-	-	20,495	-	20,495
Profit (loss) for the period	-	-	-	-	-	-	-	8,017	8,017	(2,515)	5,502
Total recognised income and expense for the period	-	-	-	-	10,316	-	8,650	8,017	26,983	535	27,518
Additional capital contribution from shareholders of jointly controlled entity	-	-	-	-	-	518	-	-	518	-	518
Dividend	-	-	-	-	-	-	-	(10,436)	(10,436)	-	(10,436)
At 30th September, 2007 (unaudited)	208,713	147,303	2,125	1,347	-	518	22,050	249,508	631,564	122,472	754,036
At 1st April, 2008 (audited)	202,231	126,763	2,125	7,829	-	500	47,203	252,469	639,120	124,953	764,073
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	4,704	-	4,704	2,772	7,476
Share of translation reserve of associates/a jointly controlled entity that are recognised directly in equity	-	-	-	-	-	-	3,117	-	3,117	-	3,117
Net gains recognised directly in equity	-	-	-	-	-	-	7,821	-	7,821	2,772	10,593
Profit (loss) for the period	-	-	-	-	-	-	-	7,123	7,123	(4,376)	2,747
Total recognised income and expense for the period	-	-	-	-	-	-	7,821	7,123	14,944	(1,604)	13,340
Dividends	-	-	-	-	-	-	-	(10,112)	(10,112)	-	(10,112)
At 30th September, 2008 (unaudited)	202,231	126,763	2,125	7,829	-	500	55,024	249,480	643,952	123,349	767,301

## Notes:

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

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September, 2008

	Six months ended 30.9.2008 (Unaudited) HK\$'000	30.9.2007 (Unaudited) HK\$'000
Operating activities		
Profit before income tax	3,718	8,312
Adjustments for:		
Finance costs	621	340
Share of losses of associates	3,322	2,395
Share of profits of a jointly controlled entity	(12,681)	(10,244)
Interest income	(1,655)	(6,238)
Depreciation	18,443	18,379
Amortisation of intangible assets	1,134	1,850
Loss on disposals of property, plant and equipment	–	299
Allowance for doubtful debts	2,134	2,802
Impairment loss on available-for-sale investments	–	20,495
Operating cash flows before movements in working capital	15,036	38,390
Decrease (increase) in inventories	6,922	(26,993)
Increase in trade and other receivables	(33,618)	(20,879)
Decrease (increase) in bills receivable	135	(2,205)
Increase in trade and other payables	6,017	22,483
(Decrease) increase in bills payable	(3,372)	1,153
Increase in deferred income	9,189	415
Cash generated from operations	309	12,364
Income tax paid	(77)	(10)
Net cash generated from operating activities	232	12,354
Net cash used in investing activities		
– Purchase of property, plant and equipment	(155,348)	(35,536)
– Prepayment to an associate	(10,108)	–
– Deposits paid for acquisition of plant and equipment	(1,892)	(5,100)
– Repayment from (advance to) an associate	1,603	(2,586)
– Decrease in pledged bank deposits	107,601	–
– Decrease (increase) in time deposits with maturity over three months	–	69,450
– Others	2,636	7,043
– Investment in a jointly controlled entity	–	(41,108)
– Purchase of intangible assets	–	(8,222)
– Purchase of available-for-sale investments	–	(1,402)
	(55,508)	(17,461)
Net cash generated from (used in) financing activities		
– Bank borrowings raised	47,682	–
– Others	(480)	(132)
	47,202	(132)
Net decrease in cash and cash equivalents	(8,074)	(5,239)
Effect of change in exchange rates	2,007	2,935
Cash and cash equivalents at beginning of the period	84,776	194,002
Cash and cash equivalents at end of the period, represented by bank balances and cash	78,709	191,698

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30th September, 2008*

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2008.

In the current interim period, the Group has applied, for the first time, the following new amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1st April, 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

HKFRSs (Amendments)	Improvements to HKFRSs <sup>5</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>2</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>1</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – Int 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation <sup>4</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1st July, 2009.

<sup>3</sup> Effective for annual periods beginning on or after 1st July, 2008.

<sup>4</sup> Effective for annual periods beginning on or after 1st October, 2008.

<sup>5</sup> Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.

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 and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.



### 3. SEGMENT INFORMATION

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

#### Six months ended 30th September, 2008 (Unaudited)

	Liquid Crystal Display HK\$'000	Liquid Crystal Module HK\$'000	Unallocated HK\$'000	Total HK\$'000
Revenue				
External sales	167,664	126,755	7,658	302,077
Result				
Segment result	1,971	2,414		4,385
Unallocated operating income net of expenses				(6,040)
Interest income				1,655
Unallocated corporate expenses				(1,097)
Net exchange losses				(3,923)
Finance costs				(621)
Share of losses of associates				(3,322)
Share of profits of a jointly controlled entity				12,681
Profit before income tax				3,718
Income tax expense				(971)
Profit for the period				2,747

### 3. SEGMENT INFORMATION *(continued)*

Six months ended 30th September, 2007 (Unaudited)

	Liquid Crystal Display <i>HK\$'000</i>	Liquid Crystal Module <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	183,408	179,812	13,294	376,514
Result				
Segment result	18,932	6,847		25,779
Unallocated operating income net of expenses				(1,625)
Interest income				6,238
Unallocated corporate expenses				(2,510)
Net exchange losses				(6,584)
Impairment loss on available-for-sale investments				(20,495)
Finance costs				(340)
Share of losses of associates				(2,395)
Share of profits of a jointly controlled entity				10,244
Profit before income tax				8,312
Income tax expense				(2,810)
Profit for the period				5,502

### 4. INCOME TAX EXPENSE

	Six months ended	
	30.9.2008 (Unaudited) <i>HK\$'000</i>	30.9.2007 (Unaudited) <i>HK\$'000</i>
The tax charge comprises:		
Current tax		
Other jurisdictions	338	2,810
Deferred taxation:		
Current period	633	–
	971	2,810

#### 4. INCOME TAX EXPENSE (continued)

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for the six months ended 30th September, 2008.

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

The Group's subsidiaries operating in the People's Republic of China (the "PRC") are eligible for certain tax holiday and 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 ("New 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%. Further under the New Law, dividends out of profits earned on or after 1st January, 2008 from the Group's investments in the PRC will be subject to dividend withholding tax. The implementation rules of the New Law provides for the dividend withholding tax to be 5% where Hong Kong resident company directly owns at least 25% of the capital of the PRC Company.

#### 5. PROFIT FOR THE PERIOD

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

	Six months ended	
	30.9.2008 (Unaudited) HK\$'000	30.9.2007 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	18,443	18,379
Amortisation of intangible assets	1,134	1,850
Interest income	(1,655)	(6,238)
Loss on disposal of property, plant and equipment	–	299
Net foreign exchange losses	3,923	6,584
Share of tax of a jointly controlled entity (included in share of profits of a jointly controlled entity)	2,351	–
Allowance for doubtful debts	2,134	2,802

## 6. DIVIDEND

	<b>Six months ended</b>	
	<b>30.9.2008</b>	30.9.2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Final dividend for 2007/08 – HK1 cent per share (2006/07: HK1 cent per share)	<b>10,112</b>	10,436

The final dividend for the year ended 31st March, 2008 of HK1 cent per share was paid subsequent to the six months ended 30th September, 2008.

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

Subsequent to the balance sheet date, the directors have declared a special dividend for the year ending 31st March, 2009 of HK2 cents per share (year ended 31st March, 2008: Nil).

## 7. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.9.2008</b>	30.9.2007
	<b>(Unaudited)</b>	(Unaudited)
Earnings for the purpose of basic earnings per share (HK\$'000)	<b>7,123</b>	8,017
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,011,155,171</b>	1,043,563,171

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

## 8. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group incurred approximately HK\$163,021,000 on the additions to the property, plant and equipment to expand its operations, of which approximately HK\$10,567,000 had been paid in prior year as deposits paid for acquisition of plant and equipment.

## 9. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

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

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

	<b>30.9.2008</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31.3.2008 (Audited) <i>HK\$'000</i>
Current	<b>62,756</b>	49,164
1 – 30 days	<b>30,082</b>	26,490
31 – 60 days	<b>8,082</b>	3,611
61 – 90 days	<b>1,186</b>	2,135
91 – 120 days	<b>91</b>	–
Over 120 days	<b>628</b>	–
	<b>102,825</b>	81,400
Other receivables and prepayments	<b>24,735</b>	15,385
	<b>127,560</b>	96,785

## 10. AMOUNTS DUE FROM AND TO ASSOCIATES

The amounts due from and to associates are unsecured, interest-free and repayable on demand.

## 11. TRADE AND OTHER PAYABLES/BILLS PAYABLE

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

	<b>30.9.2008</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31.3.2008 (Audited) <i>HK\$'000</i>
Less than 30 days	<b>24,680</b>	19,902
31 – 60 days	<b>26,375</b>	11,409
61 – 90 days	<b>15,035</b>	14,515
91 – 120 days	<b>7,078</b>	7,967
Over 120 days	<b>6,445</b>	7,781
	<b>79,613</b>	61,574
Other payables	<b>54,104</b>	72,580
	<b>133,717</b>	134,154

## 12. BANK BORROWINGS

During the period, the Group had obtained new bank loans of outstanding amount of approximately HK\$47,682,000, comprising a secured bank loan of RMB17,765,000 (equivalent to HK\$20,147,000) and an unsecured bank loan of approximately HK\$27,535,000. The loans carry interest at market interest rates and are repayable within one year.

## 13. GOVERNMENT LOAN

Government loan at a carrying amount of approximately RMB9,094,000, equivalent to HK\$10,314,000 which shall be repaid in January 2010 has been obtained in 2007 from the PRC government for certain technological development projects. The loan is bearing a below market interest rate.

## 14. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.20 each		
Issued and fully paid		
At 31st March, 2008 and 30th September, 2008	1,011,155,171	202,231

## 15. RELATED PARTY TRANSACTIONS

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

	Nature of transactions	Six months ended	
		30.9.2008 (Unaudited) <i>HK\$'000</i>	30.9.2007 (Unaudited) <i>HK\$'000</i>
An associate	Accountancy service income	180	180
	Acquisition of development projects	–	8,222
Directors	Remuneration	<b>2,048</b>	1,622

Details of balances with related parties as at balance sheet date are set out in the condensed consolidated balance sheet and note 10 to the condensed consolidated financial statements.

The Group contracted for certain technological development service of a total contract amount of approximately HK\$54,436,800 from Beijing Visionox Display Company Limited, an associate of the Group. Agreements have been signed with the associate and the associate is required to perform certain development work related to organic light emitted display products. At 30th September, 2008, HK\$32,889,000 (31st March, 2008: HK\$22,188,000) has been paid to the associate and the Group has included such payment in prepayment to an associate under non-current assets.

## 16. CAPITAL COMMITMENTS

	<b>30.9.2008</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2008 (Audited) HK\$'000
Capital expenditure contracted for but not provided in the financial statements		
– Acquisition of plant and machinery	<b>63,442</b>	165,307
– Acquisition of intangible assets	<b>21,669</b>	4,438
	<b>85,111</b>	169,745
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	–	52,308
Capital expenditure in respect of additional capital injection in a subsidiary authorised but not contracted for	<b>45,366</b>	–

## 17. CONTINGENT LIABILITIES

As at 30th September, 2008, Nantong Jianghai Capacitor Company Ltd (“Nantong Jianghai”) a jointly controlled entity of the Group provided guarantees amounting to approximately HK\$90,161,000 to banks in respect of bank facilities granted to a supplier and two jointly controlled entities of Nantong Jianghai, of which HK\$45,080,000 is shared by the Group. The directors considered that the fair value of the financial guarantees is insignificant.

## 18. POST BALANCE SHEET EVENT

- (a) Subsequently to the balance sheet date, Faith Crown International Limited, a subsidiary of the Company, entered into a major and connected transaction in respect of a deemed disposal of Kunshan Visionox Display Company Limited, an indirectly owned subsidiary of the Company. Details of the transactions have been set out in a circular of the Company dated 21st October, 2008. This transaction was approved in a special general meeting on 6th November, 2008.
- (b) The litigation disclosed in the Company’s Annual Report 2008 has been settled subsequent to the balance sheet date. Details of the litigation settlement are disclosed in the announcement of the Company dated 25th November, 2008.