YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

Interim Report

2009-10

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to our shareholders the 2009/2010 interim results of the Company and its subsidiaries (collectively the "Group").

For the period ended 30th September 2009, turnover of the Group dropped as compared with the same period of last year. Revenue of the Group was approximately HK$226 million (2008: HK$302 million) representing a decrease of 25% over last year. Profit attributable to owners of the Company was approximately HK$11 million (2008: HK$7 million).

For the period under review, the Group recorded a profit before income tax of approximately HK$13 million. As the global economy remains sluggish, demand for the Group's products has not fully recovered, which resulted in a decrease in the Group's revenue. Facing the current challenging operating environment, the Group adheres to its proactive approach to promote production efficiency in order to maintain its competitive edge in the market. As at the balance sheet date, the Group possessed a strong balance sheet with HK$80 million cash on hand and no bank borrowings.

During the period, the Group's share of loss of Kunshan Visionox Display Co. Ltd. ("Kunshan Visionox"), an associated company, amounted to approximately HK$14 million. Kunshan Visionox began mass production during the period. As the company is still at the market development stage, the business volume, though gearing up, has yet to reach the optimum level of its production. Nevertheless, Kunshan Visionox continued to devoting itself in technology development and its products were accredited by the Ministry of Science and Technology of the PRC as among the first "Self-developed Innovative Products of China" (中文名稱：國家自主創新產品).

During the period, the results of Nantong Jianghai Capacitor Company Ltd. ("Nantong Jianghai"), a jointly controlled entity which engaged in the manufacture and sale of aluminum electrolytic capacitors, continued to improve. The Group's share of profit of Nantong Jianghai amounted to approximately HK$22 million (2008: HK$13 million). Nantong Jianghai has been aggressively developing the market to expand its customer base and revised its product mix according to market demand. This leads to a higher operating income when compared to the same period last year.

Under the current difficult operating environment, the display industry is now undergoing shake-up and various opportunities are expected to arise. The management believes that the Group has secured strong cash flows, widened its market coverage, enhanced productivity and is well-equipped to face the challenges and opportunities ahead. Nevertheless, the economic conditions are still believed to be uncertain in the foreseeable future and the management maintains a cautious view regarding the performance of the Group in the second half year.

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 continuous support.

Fang Hung, Kenneth
Chairman

Hong Kong, 15th December, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a consolidated turnover and profit attributable to owners of the Company for the six months ended 30th September, 2009 of approximately HK$226 million (2008: HK$302 million) and HK$11 million (2008: HK$7 million) respectively. Turnover of LCD decreased by HK$37 million from approximately HK$175 million to HK$138 million. The slow down in global demand of LCD has resulted in a decrease in the Group's turnover. Turnover of LCM also declined by HK$40 million from approximately HK$127 million to HK$87 million, largely due to the shrunken sales of TFT modules.

The Group recorded a gross profit of approximately HK$30 million for the six months ended 30th September, 2009 (2008: HK$32 million). The gross profit ratio was approximately 13% (2008: 11%). Despite a lower turnover compared with last year, the gross profit ratio exceeded that of last year. This was mainly due to the efforts made by the Group to address the difficult operating conditions, which comprised a series of cost control measures, adjustments to production strategy and enhancement of production efficiency.

Other income and expenses increased from HK$0.4 million to HK$4.0 million, mainly due to the extinguishment of foreign exchange losses in the current period. The selling and distribution expenses amounted to approximately HK$14 million for the six months ended 30th September, 2009 (2008: HK$17 million), which represented 6% of the Group's turnover (2008: 6%). While the Group has reduced marketing expenditure, it has managed to maintain its market coverage to allow it to capture any opportunities which may arise in the market.

Administrative expenses for the six months ended 30th September, 2009 amounted to approximately HK$14 million (2008: HK$23 million), representing a decrease of HK$9 million. This is mainly because the accounts of Kunshan Visionox Display Co. Ltd. ("Kunshan Visionox") had ceased to be consolidated into the Group's financial statements since the second half of last fiscal year and instead were equity accounted for. Had Kunshan Visionox not been consolidated in last year's financial statements, the administrative expenses decreased by approximately HK$3 million and was mainly due to the lower staff cost.

During the period under review, the Group's profit before tax amounted to approximately HK$13 million (2008: HK$4 million). The increase is mainly attributable to the increase in the share of profit in Nantong Jianghai Capacitor Company Ltd. ("Nantong Jianghai") a jointly controlled entity of the Group, as set out in more details below.

Significant Investments

Investment in Nantong Jianghai

During the period under review, the Group's share of profit of Nantong Jianghai amounted to approximately HK$22 million (2008: HK$13 million). Nantong Jianghai is engaged in the manufacture and sale of aluminum electrolytic capacitors. During the period under review, its principal operating income was higher when compared to the same period last year. Revenues were derived from the sale of large size and high voltage products with higher profit margins. As its overseas customers are spread across Asia, America and Europe, the global financial crisis had some impacts on the sales of certain regions (Europe in particular). Nevertheless, export sales to Asia grew significantly from last year. In the meantime, the company has been aggressively developing the PRC market, resulting in a gradual growth of domestic sales in recent years.

The growth of the operating income of Nantong Jianghai was mainly attributable to the successful implementation of the following:

(1) Catering to the need of transition to the new generation of consumer electronic products by tapping the related product markets;

(2) Optimizing the product mix and lifting the proportion of industrial products.

Investment in Kunshan Visionox

For the period under review, the Group's share of loss of Kunshan Visionox, an associated company, amounted to approximately HK$14 million. Kunshan Visionox began mass production during the period but its sales volume has not reached the optimum level of production although efforts are continuously made to explore and expand its market. Selling expenses also increased as a result of increased marketing and promotional activities. While considerable resources have been allocated to research and development, it takes time to translate into revenue.

Prospects

Looking ahead, we expect that the business conditions will remain difficult. The Group will adhere to its proactive approach to maintain its market competitiveness through various measures, including strict cost controls, further widening its market coverage, revising production strategy, enhancing production efficiency and closely monitoring cash flows. The management believes that the Group is well-equipped to face the challenges ahead as well as to take advantage of the market recovery as and when it takes place. Nevertheless, the economic conditions are still believed to be uncertain in the foreseeable future and the management maintains a cautious view regarding the performance of the Group in the second half year.

Contingent Liabilities and Charges of Assets

As at 30th September, 2009, a jointly controlled entity of the Group provided guarantees amounting to approximately HK$70 million (31st March, 2009: HK$73 million) to banks in respect of bank facilities granted to a supplier and two jointly controlled entities of the jointly controlled entity of which approximately HK$35 million (31st March, 2009: HK$37 million) is shared by the Group.

Except as disclosed above, the Group had no other material contingent liabilities and there was no charge or pledge on the Group's assets as at 30th September, 2009.

Liquidity and Financial Resources

As at 30th September, 2009, the Group's current ratio was 2.1 (31st March, 2009: 2.4). The gearing ratio, as a ratio of bank borrowings to net worth, was nil (31st March, 2009: nil). Both ratios are considered to be healthy.

As at 30th September, 2009, the Group had total assets of approximately HK$713 million which were financed by liabilities of HK$134 million and shareholders' equity of HK$579 million.

As at 30th September, 2009, the Group's banking facilities amounted to approximately HK$145 million (31st March, 2009: HK$165 million) of which approximately HK$5 million (31st March, 2009: HK$2 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.

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 directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2009.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 30th September, 2009, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in the share of the Company

	Number of shares and nature of interests			
	Personal interests	**Through controlled corporations**	**Total**	**Percentage of Company's issued capital**
Mr Fang Hung, Kenneth *(Note)*	20,130,000	697,692,368	717,822,368	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, 2009, 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, 2009, 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
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 30th September, 2009, 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 compiled with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviation:

Under Code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. 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, 2009.

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, 2009.

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, 2009.

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

Hong Kong, 15th December, 2009

Deloitte.
德勤

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 24 which comprises the condensed consolidated statement of financial position of Yeebo (International Holdings) Limited (the "Company") and its subsidiaries as of 30th September, 2009 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows 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 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company 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 inquiries, 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
15th December, 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2009

		Six months ended	
		30.9.2009	30.9.2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**225,880**	302,077
Cost of sales		**(195,817)**	(269,795)
Gross profit		**30,063**	32,282
Other income and expenses		**3,974**	421
Interest income		**76**	1,655
Selling and distribution expenses		**(13,981)**	(16,686)
Administrative expenses		**(14,340)**	(22,692)
Share of losses of associates		**(14,390)**	(3,322)
Share of profit of a jointly controlled entity		**22,050**	12,681
Finance costs		**–**	(621)
Profit before income tax		**13,452**	3,718
Income tax expense	*4*	**(2,325)**	(971)
Profit for the period	*5*	**11,127**	2,747
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**532**	10,593
Total comprehensive income for the period		**11,659**	13,340
Profit for the period attributable to:			
Owners of the Company		**11,479**	7,123
Minority interests		**(352)**	(4,376)
		11,127	2,747
Total comprehensive income attributable to:			
Owners of the Company		**12,011**	14,944
Minority interests		**(352)**	(1,604)
		11,659	13,340
Earnings per share			
Basic	*7*	**HK1.14 cents**	HK0.70 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2009

	Notes	30.9.2009 (Unaudited) HK$'000	31.3.2009 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	8	73,889	88,937
Prepayment for acquisition of plant and equipment		183	122
Interests in associates		169,149	183,254
Interest in a jointly controlled entity		188,477	166,097
Available-for-sale investments		2,739	2,739
Club membership		1,459	1,459
		435,896	442,608
Current assets			
Inventories		65,867	58,514
Trade and other receivables	9	90,239	70,592
Bills receivable	9	2,945	4,328
Dividend receivable from a jointly controlled entity		38,029	37,959
Amount due from an associate	10	65	65
Bank balances and cash		80,255	62,664
		277,400	234,122
Current liabilities			
Trade and other payables	11	108,190	88,972
Dividend payable		10,112	–
Bills payable	11	4,121	929
Amount due to an associate	10	1,211	1,391
Tax liabilities		8,223	7,000
		131,857	98,292
Net current assets		145,543	135,830
Total assets less current liabilities		581,439	578,438

	Notes	30.9.2009 (Unaudited) HK$'000	31.3.2009 (Audited) HK$'000
Non-current liabilities			
Deferred tax liabilities		**2,365**	1,263
		579,074	577,175
Capital and reserves			
Share capital	*12*	**202,231**	202,231
Reserves		**376,843**	374,944
Equity attributable to owners of the Company		**579,074**	577,175
Minority interests		**–**	–
Total equity		**579,074**	577,175

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2009

	Share capital	Share premium	Capital reserve *(Note)*	Capital redemption reserve	Translation reserve	Retained profits	Attributable to owners of the Company	Minority interests	Equity total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2008 (audited)	202,231	126,763	2,125	7,829	47,703	252,469	639,120	124,953	764,073
Profit (loss) for the period	–	–	–	–	–	7,123	7,123	(4,376)	2,747
Exchange difference arising on translation of foreign operations	–	–	–	–	7,821	–	7,821	2,772	10,593
Total comprehensive income (expense) for the period	–	–	–	–	7,821	7,123	14,944	(1,604)	13,340
Final dividends – 2008	–	–	–	–	–	(10,112)	(10,112)	–	(10,112)
At 30th September, 2008 (unaudited)	202,231	126,763	2,125	7,829	55,524	249,480	643,952	123,349	767,301
At 1st April, 2009 (audited)	202,231	126,763	2,125	7,829	54,345	183,882	577,175	–	577,175
Profit (loss) for the period	–	–	–	–	–	11,479	11,479	(352)	11,127
Exchange difference arising on translation of foreign operations	–	–	–	–	532	–	532	–	532
Total comprehensive income (expense) for the period	–	–	–	–	532	11,479	12,011	(352)	11,659
Capital contribution from a minority shareholder	–	–	–	–	–	–	–	352	352
Final dividends – 2009	–	–	–	–	–	(10,112)	(10,112)	–	(10,112)
At 30th September, 2009 (unaudited)	202,231	126,763	2,125	7,829	54,877	185,249	579,074	–	579,074

Note: The capital reserve balance of the Company and its subsidiaries (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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September, 2009

	Six months ended	
	30.9.2009	30.9.2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Operating activities		
Profit before income tax	**13,452**	3,718
Adjustments for:		
Depreciation	**16,649**	18,443
Share of losses of associates	**14,390**	3,322
Allowance for obsolete inventories	**6,997**	–
Allowance for doubtful debts	**2,131**	2,134
Finance costs	**–**	621
Loss on disposals of property, plant and equipment	**5**	–
Share of profit of a jointly controlled entity	**(22,050)**	(12,681)
Interest income	**(76)**	(1,655)
Amortisation of intangible assets	**–**	1,134
Operating cash flows before movements in working capital	**31,498**	15,036
(Increase) decrease in inventories	**(14,502)**	6,922
Increase in trade and other receivables	**(21,959)**	(33,618)
Decrease in bills receivable	**1,383**	135
Increase in trade and other payables	**19,105**	6,017
Increase (decrease) in bills payable	**3,192**	(3,372)
Increase in deferred income	**–**	9,189
Cash generated from operations	**18,717**	309
Income tax paid	**–**	(77)
Net cash from operating activities	**18,717**	232
Investing activities		
Purchase of property, plant and equipment	**(1,395)**	(155,348)
Deposits paid for acquisition of plant and equipment	**(183)**	(1,892)
Interest income	**76**	1,655
Prepayment to an associate	**–**	(10,108)
Decrease in pledged bank deposits	**–**	107,601
Repayment from an associate	**–**	1,603
Others	**–**	981
Net cash used in investing activities	**(1,502)**	(55,508)

	Six months ended	
	30.9.2009	30.9.2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Financing activities		
Contribution from a minority shareholder	**352**	–
Increase in bank borrowings	**–**	47,682
Others	**(180)**	(480)
Net cash from financing activities	**172**	47,202
Net increase (decrease) in cash and cash equivalents	**17,387**	(8,074)
Effect of change in exchange rates	**204**	2,007
Cash and cash equivalents at beginning of the period	**62,664**	84,776
Cash and cash equivalents at end of the period, represented by bank balances and cash	**80,255**	78,709

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2009

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 (the Listing Rules) and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention.

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, 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1st April, 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK (IFRIC) – Int 13	Customer Loyalty Programmes
HK (IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK (IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK (IFRIC) – Int 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. Hong Kong Financial Reporting Standard ("HKFRS") 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared to the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosure[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for first-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[5]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]

1 Effective for annual periods beginning on or after 1st July, 2009.
2 Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.
3 Effective for annual periods beginning on or after 1st January, 2011.
4 Effective for annual periods beginning on or after 1st February, 2010.
5 Effective for annual periods beginning on or after 1st January, 2010.
6 Effective for annual periods beginning on or after 1st January, 2013.

The adoption of HKFRS 3 (Revised in 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st April, 2010. HKAS 27 (Revised in 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary and such changes will be accounted for as equity transactions. The directors of the Company anticipate that the application of 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 has adopted HKFRS 8 "Operating Segments" with effect from 1st April, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared to the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Segment information reported externally was analysed on the basis of types of products provided by the Group's operating divisions. The Group's reportable segments under HKFRS 8 are liquid crystal display and liquid crystal module.

The following is an analysis of the Group's revenue and results by operating segments for the period under review:

Six months ended 30th September, 2009 (unaudited)

	Liquid Crystal Display	**Liquid Crystal Module**	**Eliminations**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue				
External sales	**138,386**	**87,494**	**–**	**225,880**
Inter-segment sales	**16,861**	**–**	**(16,861)**	**–**
Total	**155,247**	**87,494**	**(16,861)**	**225,880**
Result				
Segment result	**4,563**	**2,340**		**6,903**
Interest income				**76**
Unallocated administrative costs				**(1,486)**
Net exchange gain				**299**
Share of losses of associates				**(14,390)**
Share of profit of a jointly controlled entity				**22,050**
Profit before income tax				**13,452**

3. SEGMENT INFORMATION *(continued)*

Six months ended 30th September, 2008 (Unaudited)

	Liquid Crystal Display *HK$'000*	Liquid Crystal Module *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue				
External sales	175,322	126,755	–	302,077
Inter-segment sales	21,821	–	(21,821)	–
Total	197,143	126,755	(21,821)	302,077
Result				
Segment result	1,697	3,509		5,206
Interest income				1,655
Unallocated administrative costs				(7,958)
Net exchange losses				(3,923)
Finance costs				(621)
Share of losses of associates				(3,322)
Share of profit of a jointly controlled entity				12,681
Profit before income tax				3,718

Segment profit represents the profit earned by each segment without allocation of interest income, unallocated administrative costs, net exchange differences, finance costs, share of results of associates and a jointly controlled entity. This is the measure reported to the board of directors, the CODM, for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's asset by operating segments:

	30.9.2009 (Unaudited) ***HK$'000***	31.3.2009 (Audited) *HK$'000*
Liquid Crystal Display	**168,692**	158,933
Liquid Crystal Module	**60,924**	59,840
Unallocated assets	**483,680**	457,957
Total assets	**713,296**	676,730

4. INCOME TAX EXPENSE

	Six months ended	
	30.9.2009	30.9.2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax		
Hong Kong	**32**	–
Other jurisdictions	**1,191**	338
Deferred taxation:		
Current period	**1,102**	633
	2,325	971

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for the period. No provision for Hong Kong Profit tax has been made in prior period 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 is calculated at the rate prevailing in the relevant jurisdiction.

On 16th March, 2007, the PRC Government promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation. Enterprise Income Tax is now levied at the rate of 25% with effect from 1st January, 2008.

The Group's certain subsidiaries operating in the PRC were entitled to a "2+3" tax holiday under which these subsidiaries were exempted from enterprise income tax for two years starting from its first profit making year, followed by a 50% reduction for the subsequent three years. Although the "2+3" tax holiday has been revoked under the New Law, these PRC subsidiaries which are protected under grandfather relief could continue to enjoy the "2+3" tax holiday until its expiry. The applicable enterprise income tax rate for these PRC subsidiaries under the grandfather relief for the period ended 30th September, 2009 is 12.5%.

Under the New Law, distributable profits earned by foreign investment enterprises since 1st January, 2008 is subject to withholding tax of 10% of profit distributed to foreign investors. However, pursuant to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the withholding tax aforementioned can be reduced to 5%, if the non-resident investor is a Hong Kong incorporated company, provided that the Hong Kong incorporated company beneficially owns no less than 25% of the PRC company.

Pursuant to the above-mentioned, the Group has recognised deferred tax liability for the distributable profits earned by its PRC jointly controlled entity since 1st January, 2008 accordingly. No deferred tax liabilities have been recognised in respect of the PRC subsidiaries and associates as the subsidiaries and associates have no distributable profits since 1st January, 2008.

5. PROFIT FOR THE PERIOD

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

	Six months ended	
	30.9.2009	30.9.2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**16,649**	18,443
Allowances for obsolete inventories	**6,997**	–
Share of tax of a jointly controlled entity (included in share of profit of a jointly controlled entity)	**2,918**	2,351
Allowances for doubtful debts	**2,131**	2,134
Loss on disposal of property, plant and equipment	**5**	–
Net exchange (gain) loss	**(299)**	3,923
Interest income	**(76)**	(1,655)
Amortisation of intangible assets	**–**	1,134

6. DIVIDEND

	Six months ended	
	30.9.2009	30.9.2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividend for 2008/09 – HK1 cent per share (2008: Final dividend for 2007/08 – HK1 cent per share)	**10,112**	10,112

The final dividend for the year ended 31st March, 2009 of HK1 cent per share has been paid subsequent to 30th September, 2009.

7. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2009	30.9.2008
	(Unaudited)	(Unaudited)
Earnings attributable to the owners of the Company for the purpose of basic earnings per share *(HK$'000)*	**11,479**	7,123
Number of ordinary shares for the purpose of basic earnings per share	**1,011,155,171**	1,011,155,171

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$1,517,000 on the additions to the property, plant and equipment to expand its operations, of which approximately HK$122,000 had been paid in prior year as deposits for acquisition of property, 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 net of allowance for doubtful debts at the reporting date:

	30.9.2009	31.3.2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Current	**52,919**	44,221
1 – 30 days	**24,493**	18,006
31 – 60 days	**6,850**	391
61 – 90 days	**975**	–
91 – 120 days	**205**	–
	85,442	62,618
Other receivables and prepayments	**4,797**	7,974
	90,239	70,592

All the Group's bill receivables as at 30th September, 2009 and 31st March, 2009 were due within 90 days.

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 payables at the reporting date:

	30.9.2009	31.3.2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Up to 30 days	**18,060**	15,053
31 – 60 days	**16,222**	8,431
61 – 90 days	**12,139**	5,287
91 – 120 days	**5,594**	3,333
Over 120 days	**4,731**	6,387
	56,746	38,491
Other payables	**51,444**	50,481
	108,190	88,972

All the Group's bills payables as at 30th September, 2009 and 31st March, 2009 were due within 90 days.

12. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.20 each		
Issued and fully paid		
At 31st March, 2009 and 30th September, 2009	1,011,155,171	202,231

13. RELATED PARTY TRANSACTIONS

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

		Six months ended	
	Nature of transactions	**30.9.2009**	30.9.2008
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
An associate	Accountancy service income	**180**	180
Directors	Remuneration	**1,958**	2,048

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

14. CAPITAL COMMITMENTS

	30.9.2009	31.3.2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the financial statements	**161**	254
Capital expenditure in respect of additional capital injection in an associate authorised but not contracted for	**45,408**	45,324

15. CONTINGENT LIABILITIES

As at 30th September, 2009, a jointly controlled entity of the Group ("Nantong Jianghai") provided guarantees amounting to approximately HK$69,814,800 (As at 30th September, 2008: 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$34,907,400 (As at 30th September, 2008: HK$45,080,500) is shared by the Group. The directors considered that the fair values of the financial guarantee are insignificant.