



# YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

ANNUAL REPORT  
**2012/13**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

\* *independent non-executive director*

### COMPANY SECRETARY

Mr. Lau Siu Ki, Kevin

### AUDITOR

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 AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11  
Bermuda

### BRANCH REGISTRAR 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

## DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**FANG Hung, Kenneth**, GBS, JP, aged 74, 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 Fang Brothers Knitting Limited and a director of a number of other private and listed companies in Hong Kong and People's Republic of China. Mr. Fang joined the Company as a Director in August 1995.

**LI Kwok Wai, Frankie**, aged 55, 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 50, is the 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 a 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 66, 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 Limited and a director of a number of listed and private companies. He is a Legislative Councilor in Hong Kong, a member of The Chinese People's Political Consultative Conference, a member of the China Overseas Friendship Association, a general committee member of the Hong Kong General Chamber of Commerce and a court member of the Hong Kong Polytechnic University. Mr. Tien was also the Chairman of the Hong Kong Tourism Board from 2007 to March 2013. Mr. Tien joined the Company as an independent non-executive Director in June 1997.

**CHU Chi Wai, Allan**, aged 61, has over 41 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 58, 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 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 54, 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

**HAN Yu Zhong**, aged 56, is the Vice President and the Chief Marketing Officer responsible for the overall sales and marketing of LCD and LCM. Mr. Han's experience has predominantly been gained in LCD manufacturing and business operations in PRC and has capitalized his experience therefrom to carry out the Group's business expansion plan in PRC. Mr. Han joined the Group in 1990.

**JIA Xiu Juan**, aged 50, is the Vice President and the Chief Financial Officer, responsible for the LCD and LCM business financial management. Ms. Jia has extensive experience in accounting and taxation. She has an accountancy qualification in PRC. She graduated from Guangdong Academy of Social Sciences in PRC with a postgraduate diploma. Ms. Jia joined the Group in 1999.

**LIN Hsu Hung**, aged 50, is the Vice President and the Chief Operating Officer responsible for the overall management and operations of the LCD and LCM factories. He has over 26 years' experience in LCD industry. Mr. Lin joined the Group in 2002.

**LIU Xiu Zhen**, aged 45, is the Vice President and the Chief Human Resources Officer responsible for the Group's information technology and customer service centers, she is also responsible for human resources and purchases of the LCD and LCM factories and the production and material control of LCD factory. 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. Ms. Liu joined the Group in 1993.

**WAN Wai Tak**, aged 61, is the Senior Vice President responsible for global marketing. Mr. Wan is one of the forerunners in the LCD industry in Hong Kong with over 35 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. He is a chartered physicist with membership in the Institute of Physics in the United Kingdom. Mr. Wan joined the Group in 1988.

**HSIAO Hung Shih**, aged 51, is the Vice President and Deputy Chief Operating Officer responsible for the manufacturing operations and the production and material control of LCM factory, and the front and back-end production department of LCD factory. Mr. Hsiao has over 15 years' experience in the planning, management and overall field operation of the production of Color STN, FSTN, STN and LCM. Mr. Hsiao joined the Group in 2003.

**TSUI Siu Keung**, aged 39, is the Vice President responsible for the sales and marketing in Hong Kong, the PRC and overseas markets. Mr. Tsui graduated from the Hong Kong Polytechnic University with a degree in manufacturing engineering. Mr. Tsui has over 13 years' experience in customer service management, sales and marketing. Mr. Tsui joined the Group in 2000.

## DIRECTORS AND SENIOR MANAGEMENT

**LIN Tsui Ping**, aged 48, is Vice President responsible for the research and development operations LCD factory. 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 21 years' experience in the development and production of LCD products. Ms. Lin joined the Group in 2003.

**HUANG Wen Huei**, aged 38, is the General Manager of the branch office in Taiwan 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 11 years' experience in customer service and market operations of LCD and LCM products. Mr. Huang joined the Group in 2004.

**Yang Zhao Hui**, aged 41, is the Senior Manager responsible for the management of the factory's power system, production equipment and the ITO glass production. He has 15 years' experience in manufacturing, maintenance and management of automation equipment, and 5 years' experience in manufacturing and process management of magnetic control spluttering coating. He is familiar with project budget, organization and management, and has experience in the management and general control of various manufacturing projects. He is also familiar with the process of LCD, ITO and CTP. He joined the Group in 2012.

**YANG Ying Jun**, aged 46, is the Chief Accountant of the Group. Mr. Yang has extensive experience in finance and accounting. He graduated from Xi'an University of Technology with a Bachelor's Degree. He is a member of CICPA and a member of the China Certified Tax Agents Association. He joined the Group in 2005.

**HSIEH Wen Shu**, aged 41, is the Senior Manager responsible for the quality assurance and process engineering of the LCD and LCM factories. Mr. Hsieh holds a degree in Electric Optical Engineering from National Yunlin Polytechnic Institute in Taiwan. He has over 16 years' relevant experience and joined the Group in 2005.

**HO Chun Tang, Jonathan**, aged 35, is the Senior Manger responsible for the sales and marketing team in Europe, Korea and Hong Kong market. Mr. Ho graduated from University of Otago in New Zealand with Science Degree. Mr. Ho joined the Group in 2001.

**HSIEH Chi Liang**, aged 39, is the Senior Manager responsible for product development of LCD and LCM products. Mr. Hsieh has more than 16 years experience in LCD/LCM industry. He graduated in Power Mechanical Engineering from National Yunlin Polytechnic Institute in Taiwan and joined the Group in 2006.

**SHEN Chi Hsiung**, aged 48, is the Director of Sales responsible for the sales in Greater China market. Mr. Shen has 15 years' experience in marketing of LCD and LCM in Greater China and maintains good relationship with Taiwanese customers and has in-depth knowledge of the Taiwan market. Mr. Shen joined the Group in 2010.

**LIM Bee Lay**, aged 64, 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 30 years' experience in LCD field in Singapore, Malaysia and China. Ms. Lim joined the Group in 2005.



## CHAIRMAN'S STATEMENT



Dear Shareholders,

I take pleasure in presenting to our shareholders the annual results of the Company and its subsidiaries (collectively the “Group”) for the twelve months ended 31st March, 2013.

In year under review, the Group encountered great challenges. The global economy was lacklustre. The weakening of the US and the European markets and the slow-down in the growth of the PRC market had affected the demand for electronic products. Many customers adopted the “de-inventory” measures in light of the prevailing uncertain economic conditions.

Nevertheless, the Group’s turnover recorded an increase of 10% to HK\$816 million (2012: HK\$742 million), thanks to the newly installed production line which equipped the Group the capability to expand its business in the high end market segment. The growth in business was mainly generated by the increase in the turnover of LCM, which rose by 17% as compared to last year. Moreover, the Group’s committed strategy in diversifying the customer base has been able to mitigate, to certain extent, the negative impact of the fall in demand.

However, the keen price competition, couples with the rise of the labour costs in the PRC and the increase in factory overhead had exerted pressure upon the profitability of the Group. As such, the gross profit margin had dropped from 16% to 14% this year. The shortage of labour supply in the Guangdong Province added fuel to the mounting wage level. In order to preserve a reliable supply to our customers, the Group opted to increase the wage level to secure a stable workforce in production. As one of the measures to mitigate the impact of rising wages and shortage of labour, the management continue to focus on improving the production efficiency through automation and streamlining the operation.

## CHAIRMAN'S STATEMENT

The profit attributable to the owners of the Company for the current year decreased by HK\$3 million from HK\$93 million to HK\$90 million. The drop in profit was due to two main reasons. Firstly, the profit generated from the Group's core display business was adversely affected by the worsened business conditions as mentioned above. Secondly, the Group engaged in a new project which was related to the development of an innovative LCD-related optical product. Due to unforeseeable difficulties, the product development phase was longer than expected and at present it is still uncertain when the product would be marketable. As such the Group took a prudent approach and expensed off all the development costs incurred in this project. The impact was about HK\$14 million. The negative impacts to the bottom line were partly offset by the better performance in the held-for-trading investments which recorded a gain of HK\$3 million as compared to a loss of HK\$6 million in last year.

Looking forward, the recovery of global economy is expected to be slow. We are committed to expand into the high end market segment and focus on improving production efficiency to sustain our competitiveness in the display industry. We believe our strategy will lead the Group through the gloomy economic conditions ahead.

**Fang Hung, Kenneth**  
Chairman

Hong Kong, 26th June, 2013



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS

The Group recorded a consolidated turnover for the year ended 31st March, 2013 of approximately HK\$816 million (2012: HK\$742 million), an increase of HK\$74 million or 10% as compared with last year. Profit attributable to owners of the Company was HK\$90 million (2012: HK\$93 million), representing a decrease of approximately HK\$3 million.

Turnover of the Liquid Crystal Displays (“LCD”) increased by HK\$12 million, from HK\$366 million to HK\$378 million. This was mainly due to the increase in the sales of high value products. Turnover of the Liquid Crystal Display Modules (“LCM”) increased by HK\$63 million, from HK\$375 million to HK\$438 million. The increase in LCM turnover was largely attributable to the business growth in PRC. In the segment results, the LCD segment recorded a drop in segment profit of HK\$1 million from HK\$48 million for the last year to HK\$47 million this year, and the LCM segment recorded a decrease in segment profit of HK\$7 million from HK\$22 million for the last year to HK\$15 million this year.

The Group recorded a gross profit of approximately HK\$113 million (2012: HK\$122 million) and a gross profit margin of 14% (2012: 16%) for the year ended 31st March, 2013. The reasons for the decrease in gross profit margin were four folded: (1) continuous rising in wages in PRC; (2) increase in depreciation of property, plant and machinery; (3) below full utilization of the existing production capacity; and (4) keen price competition.

During the year, other income amounted to approximately HK\$16 million (2012: HK\$14 million). The other income mainly composed tooling income, scrap sales and dividend received.

Net gain from other gains and losses amounted to approximately HK\$3 million (2012: net loss of HK\$8 million), which was mainly attributable to the gain of HK\$3 million from fair value changes of held-for-trading investments (2012: loss of HK\$6 million).

Selling and distribution expenses amounted to approximately HK\$48 million (2012: HK\$44 million), an increase of HK\$4 million and maintained at 6% of turnover (2012: 6%). The increase was mainly due to the expansion of the marketing team to increase the market coverage.

Administrative expenses amounted to HK\$35 million (2012: HK\$27 million), representing an increase of HK\$8 million, which was mainly due to the additional costs of approximately HK\$9 million incurred by the Group’s new line of business engaging in the development of LCD-related optical products. Due to unforeseeable difficulties, the product development phase was longer than expected. At present, it is still uncertain when the product would be successfully developed and become marketable. Meanwhile, the management had adopted measures to monitor and control the development expenditure at a manageable level. The related results were incorporated in a new segment in the segment information.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INVESTMENTS IN ASSOCIATES

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

Nantong Jianghai is mainly engaged in the manufacture and sales of aluminum electrolytic capacitors and related components, and the production and sales of aluminum formed foil for high-performance aluminum electrolytic capacitors.

The share of profit from Nantong Jianghai amounted to HK\$46 million (2012: HK\$46 million). The weakening global economy affected the business performance of Nantong Jianghai in the first nine months of the current year under review. The business was mostly affected by a fall in demand of aluminum electrolytic capacitors from overseas and PRC markets. The sales of aluminum formed foil, which is one of the major materials of aluminum electrolytic capacitor, was inevitably affected as well. Nantong Jianghai's profitability for the year under review was affected by the overcapacity and the rising manufacturing costs. Thanks for the rebound of business in the first quarter of 2013, Nantong Jianghai managed to maintain the same level of operating profit for the year ended 31st March, 2013 as last year.

As set out in Note 2 to the financial statements, in the current year, the Group has early applied Hong Kong Accounting Standard 28 (“HKAS 28”) (as revised in 2011) which prescribes the accounting for investments in associates. According to the revised HKAS 28, if an investment in a joint venture becomes an investment in an associate (which was the case when Nantong Jianghai was listed in the Shenzhen Stock Exchange in 2010 and the Group's interests therein diluted from 50% to 37.5%), the entity continues to apply the equity method and does not remeasure the retained interest. As a result of the application of the revised HKAS 28, the gain on deemed disposal recognised in the year ended 31st March, 2011, net of the related deferred taxation, has been decreased by HK\$793 million from HK\$1,081 million as previously recorded to HK\$288 million. Including a reduction in the balance in the translation reserve by HK\$36 million, the overall impact to the equity attributable to owners of the Company is a decrease of HK\$829 million as at 31st March, 2012. The change in accounting policy has no impact on the cashflows of the Group. The market value of the Group's holding of Nantong Jianghai shares as at 31st March, 2013 (as measured by the market price of Nantong Jianghai's shares) amounted to approximately HK\$1,216 million as compared to the carrying value of HK\$646 million as recorded in the Group's consolidated statement of financial position.

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

Kunshan Visionox Display Co. Ltd. (Kunshan Visionox), an associate of the Company, is a manufacturer of OLED products. Impairment loss has been provided in previous years to write down the carrying amount of the Group's investment in Kunshan Visionox to zero. Kunshan Visionox's performance has since improved, but the Group has not reversed any impairment loss previously recognised. The Group will continue to monitor the development of Kunshan Visionox to consider whether the impairment loss could partly or fully be reversed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

The global economy is expected to be overcast by difficult trading conditions. The global demand of LCDs and LCMs is not expected to recover strongly. In China, the rising trend of labour cost will continue, which will put pressure on the profit margin of the Group. We will continue to expand the market share in the high end market segment with the aim of lifting the turnover and increasing the utilization of the production capacity of the high-end production machinery and equipment. The Group will also broaden the product range to increase the sources of revenue. To deal with the rising labour costs in PRC, the Group had committed resources and adopted measures to streamline the operation and enhance the production efficiency. In respect of financial management, we will continue to adhere to our prudent fiscal policy and maintain healthy liquidity.

Looking forward, the management maintains a cautious view towards the results of the Group in the forthcoming financial year.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2013, the Group's current ratio was 1.6 (31st March, 2012: 1.6). The gearing ratio, as a ratio of bank borrowings to net worth, was nil (31st March, 2012: nil).

As at 31st March, 2013, the Group had total assets of approximately HK\$1,166 million, which were financed by liabilities of HK\$220 million and total equity of HK\$946 million.

As at 31st March, 2013, the Group's banking facilities amounted to approximately HK\$167 million (31st March, 2012: HK\$167 million) of which approximately HK\$8 million (31st March, 2012: HK\$9 million) were utilized mainly for issuance of letters of credit, short term loan and bills payable.

Certain subsidiaries of the Group have foreign currency assets and liabilities, which expose the Group to foreign currency risk. The management monitors the foreign exchange risk and will consider hedging significant foreign currency exposure should the need arise.

### CONTINGENT LIABILITIES AND CHARGES OF ASSETS

Securities trading facility in respect of investment in derivative financial instruments is secured by the held-for-trading investments of the Group is nil (2012: approximately HK\$11 million) at the end of the reporting period.

During the year, Nantong Jianghai in which the Group has a 37.5% interest has been involved in a legal proceeding in respect of breach of contractual agreement for an amount of approximately HK\$24,490,000. Nantong Jianghai and its legal counsel are strongly resisting this claim and, accordingly, no provision for any potential liability has been made in these consolidated financial statements.



## 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.

In October 2012, the Company adopted a restricted share award scheme (the "Scheme") pursuant to which shares of the Company will be purchased by an independent trustee from the market and held in trust for the participants of the Scheme, including employees or consultants engaged by any member of the Group, until such shares are vested with the relevant participants in accordance with the provisions of the Scheme. The purpose of the Scheme is to act as an incentive to retain and encourage the participants for the continual operation and development of the Group. Details of the Scheme have been set out in an announcement dated 25th October, 2012.

### MAJOR CUSTOMERS AND SUPPLIERS

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

	2013	2012
Percentage of purchases from the Group's largest supplier	5%	4%
Percentage of purchases from the Group's five largest suppliers	22%	20%
Percentage of turnover to the Group's largest customer	5%	6%
Percentage of turnover to the Group's five largest customers	20%	21%

As a result of the diversification in both customers and suppliers, the Group had no material concentration risk in both sales and sourcing.

As at 31st March, 2013, to the best knowledge of the Directors, none of the Directors and their close associates or any shareholders holding 5% of the Group's share capital had any beneficial interest in the Group's five largest customers and/or five largest suppliers.

### DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK2.5 cents per share (2012: final dividend of HK2.5 cents) for the year ended 31st March, 2013 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 Friday, 4th October, 2013 to Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 23rd September, 2013.

# 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, 2013, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the “Code”) 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 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.

## 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

The Hon. 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 Listing Rules’ requirement for the Board to have at least one-third in number of its members comprising Independent Non-executive Directors.

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

## CORPORATE GOVERNANCE REPORT

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

<b>Name of Directors</b>	<b>Number of Meetings Attended</b>
Mr. Fang Hung, Kenneth	4/4
Mr. Li Kwok Wai, Frankie	4/4
Mr. Leung Tze Kuen	4/4
The Hon. Tien Pei Chun, James	4/4
Mr. Chu Chi Wai, Allan	4/4
Mr. Lau Yuen Sun, Adrian	4/4

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

Every Board member is entitled to have access to board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required. The Company from time to time provides briefings, training sessions and materials to the Directors to develop and refresh their knowledge and skills including updates on the latest development regarding the Listing Rules and other applicable legal and regulatory requirements to enhance their awareness of the same. The Board continuously reviews and monitors the Company's corporate governance and practice to ensure compliance of regulatory requirements and upkeeping of good practices.

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.

The Directors are regularly updated and apprised of any new regulations and guidelines, as well as any amendments thereto issued by the Stock Exchange, the Securities and Futures Commission of Hong Kong and the Hong Kong Companies Registry, particularly the effects of such new or amended regulations and guidelines on directors. On an ongoing basis Directors are encouraged to keep up to date on all matters relevant to the Group and attend briefings and seminars as appropriate.



## CORPORATE GOVERNANCE REPORT

### 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.

### 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.

According to the Bye-laws, at each annual general meeting of the Company one third of the Directors for the time being (and if the number of Directors is not three or a multiple of three, then the number nearest to but not less than one third) shall retire by rotation. This complies with the provision A.4.2 of the Code on CGP which requires all Directors to be subject to retirement by rotation at least once every three years.

### Nomination of Directors

The Company has set up a Nomination Committee which is responsible for nominating appropriate person either to fill a casual vacancy or as an addition member to the existing Board.

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.

The detailed information on election of Directors including detailed biography of all Directors standing for 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.

## BOARD COMMITTEES

The Board establishes committees to assist it in carrying out its responsibilities. The Board has appointed three Board committees i.e. the Nomination Committee, 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

## Nomination Committee

The Nomination Committee was established on 24th November, 2011. The Committee comprises all three Independent Non-executive Directors. The Hon. Tien Pei Chun, James, was appointed as Chairman of the Nomination Committee. The terms of reference stipulating the authority and duties of the Nomination Committee conform to the provisions of the Code of CGP and are posted on the websites of the Stock Exchange and the Company.

The Nomination Committee shall meet at least once a year. One meeting was held during the year ended 31st March, 2013.

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

1. To review the structure, size and composition of the Board.
2. To identify individuals who are suitably qualified to become Directors.
3. To assess the independence of the Independent Non-executive Directors.

## 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. Four meetings were held during the year. The attendance of each member is set out as follows:

<b>Name of Directors</b>	<b>Number of Meetings Attended</b>
Mr. Lau Yuen Sun, Adrian	4/4
Mr. Chu Chi Wai, Allan	4/4
Mr. Li Kwok Wai, Frankie	4/4

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

At the meetings held during the year, the overall pay trend in Hong Kong, Taiwan and mainland China was noted and the remuneration of the Directors and senior management team was reviewed accordingly. The Remuneration Committee also discussed the terms of a restricted share award scheme (the "Scheme") as an incentive to retain and encourage staff members for the continual operation and development of the Group. As recommended by the Remuneration Committee, the scheme was adopted by the Board on 24th October, 2012.

## CORPORATE GOVERNANCE REPORT

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

1. To review and recommend to the Board the overall remuneration policy for the Directors and senior management.
2. To review and recommend to the Board for its approval the remuneration of the Directors; and to review and approve the remuneration of other senior management; by reference to corporate goals and objectives resolved by the Board from time to time.
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.

The remuneration of all members of the senior management of the Company for the year ended 31st March, 2013 were all below HK\$1,000,000.

### 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 attendance of each member is set out as follows:

<u>Name of Directors</u>	<u>Number of Meetings Attended</u>
Mr. Lau Yuen Sun, Adrian	2/2
Mr. Chu Chi Wai, Allan	2/2
The Hon. Tien Pei Chun, James	2/2

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

- (i) reviewed the financial reports for the year ended 31st March, 2012 and for the six months ended 30th September, 2012;
- (ii) reviewed the effectiveness of internal control system;
- (iii) reviewed the external auditors' statutory audit plan and engagement letter;



## CORPORATE GOVERNANCE REPORT

- (iv) discussed with the Company's external auditors the internal control of the Group; and
- (v) reviewed and approved the scope and fees of the audit for the year ended 31st March, 2013.

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 auditor, Messrs Deloitte Touche Tohmatsu, is set out as follows:

<b>Services rendered</b>	<b>Fees paid and payable</b> <i>HK\$</i>
Audit services	2,050,000
Non audit services	<u>556,000</u>
	<u>2,606,000</u>

### 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 policies 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.

## CORPORATE GOVERNANCE REPORT

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 Nomination Committee reviews the structure, size and composition of the Board and if needed, identifies individuals who are suitably qualify to become Directors.
- (c) The Audit Committee 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.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) 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.

# CORPORATE GOVERNANCE REPORT

## 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, 2013, 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 Company's 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. All Directors attended the Company's 2012 Annual General Meeting and were available to answer shareholders' questions.

At the Company's 2012 Annual General Meeting, all votings were conducted by poll in accordance with the requirements of the Listing Rules.

Shareholders holding not less than one-tenth of the paid up capital of the Company shall have the right, by written requisition to the Head Office of the Company for the attention of the Board or the Company Secretary, to require a special general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after such requisition.

Shareholders may also send written enquiries to the Company for putting forward any enquiries or proposals to the Head Office of the Company for the attention of the Board or the Company Secretary.

During the year ended 31st March, 2013, the Company has not made any changes to its Bye-laws. A consolidated version of the Memorandum of Association and New Bye-laws of the Company is available on the website of the Company.

A Shareholders Communication Policy has been posted on the Company's website ([www.yeebo.com.hk](http://www.yeebo.com.hk)). Where Shareholders have any enquiry and/or proposals putting forward at shareholders' meeting they may send them by mail to the Company Secretary at the Company's Head Office or via email to [ir@yeebo.com.hk](mailto:ir@yeebo.com.hk).

## COMPANY SECRETARY

Mr. Lau Siu Ki, Kevin of Hin Yan Consultants Limited, external service provider, has been engaged by the Company as the Company Secretary. The primary contact person at the Company, whom Mr. Lau can contact, is Mr. Leung Tze Kuen, Executive Director.



## **DIRECTORS' REPORT**

The directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2013.

### **PRINCIPAL ACTIVITIES**

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

### **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 31st March, 2013 are set out in the consolidated statement of comprehensive income on page 28.

The directors now recommend the payment of a final dividend of HK2.5 cents per ordinary share to the shareholders on the register of members on 23rd September, 2013, amounting to approximately HK\$25,279,000, 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\$36 million. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

### **SHARE CAPITAL**

Details of the share capital of the Company are set out in note 26 to the consolidated financial statements.

There has been no movement in the authorized and issued share capital of the Company during the year.

## DIRECTORS' REPORT

### RESERVES

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 31.

The Company's reserve available for distribution to shareholders as at 31st March, 2013 were as follows:

	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Contributed surplus	<b>49,259</b>	49,259
Retained profits	<b>26,963</b>	36,163
	<b>76,222</b>	85,422

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

- (a) it is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

### DIRECTORS

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

#### Executive directors:

Mr. Fang Hung, Kenneth  
Mr. Li Kwok Wai, Frankie  
Mr. Leung Tze Kuen

#### Independent non-executive directors:

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

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

## DIRECTORS' REPORT

The directors proposed for re-election at the forthcoming Annual General Meeting do 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.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 31st March, 2013, 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 ( <i>Note</i> )	20,130,000	697,692,368	717,822,368	70.99%
Mr. Li Kwok Wai, Frankie ( <i>Note</i> )	40,522,013	697,692,368	738,214,381	73.01%

*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, 2013, 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' REPORT

### DIRECTORS' INTERESTS IN CONTRACTS

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

### SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2013, 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 ( <i>Note(i)</i> )	Directly beneficially owned	697,692,368	69.00%
Esca Investment Limited ( <i>Note(i)</i> )	Indirectly beneficially owned	697,692,368	69.00%
Megastar Venture Limited ( <i>Note(i)</i> )	Indirectly beneficially owned	697,692,368	69.00%
Wong Koon Kau ( <i>Note(ii)</i> )	Directly and indirectly beneficially owned	67,812,000	6.71%

#### Notes:

- (i) 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".
- (ii) Mr Wong Koon Kau ("Mr Wong") is the beneficial owner of 51,788,000 shares of the Company. Mr Wong also beneficially owns 50% of Discovery Zone Asia Limited which in turn owns 16,024,000 shares of the Company.

Save as disclosed above, as at 31st March, 2013, 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.

## **DIRECTORS' REPORT**

### **EMOLUMENT POLICY**

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

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

### **CORPORATE GOVERNANCE**

The Company has complied throughout the year ended 31st March, 2013 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 they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

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

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

### **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31st March, 2013.

## DIRECTORS' REPORT

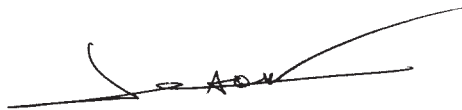
### AUDIT COMMITTEE

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, 2013.

### AUDITOR

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

On behalf of the Board



**Li Kwok Wai, Frankie**  
*Chief Executive Officer*

Hong Kong  
26th June, 2013



## 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 28 to 89, which comprise the consolidated statement of financial position as at 31st March, 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### 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 about 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 of consolidated financial statements that give a true and fair view 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, 2013, 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

26th June, 2013

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2013

	Notes	2013 HK\$'000	2012 HK\$'000 (restated)
Revenue	5	816,489	741,660
Cost of sales		<u>(703,319)</u>	<u>(619,604)</u>
Gross profit		113,170	122,056
Other income	6	15,883	13,978
Other gains and losses	7	3,328	(7,591)
Selling and distribution expenses		(47,589)	(43,597)
Administrative expenses		(34,502)	(26,563)
Finance costs	8	(486)	–
Share of results of associates	16	<u>45,528</u>	<u>45,898</u>
Profit before income tax		95,332	104,181
Income tax expense	9	<u>(10,844)</u>	<u>(12,003)</u>
Profit for the year	10	<u>84,488</u>	<u>92,178</u>
<b>Other comprehensive income</b>			
Exchange differences arising on the translation of foreign operations		<u>8,278</u>	<u>19,245</u>
Total comprehensive income for the year		<u>92,766</u>	<u>111,423</u>
Profit for the year attributable to:			
Owners of the Company		89,742	93,139
Non-controlling interests		<u>(5,254)</u>	<u>(961)</u>
		<u>84,488</u>	<u>92,178</u>
Total comprehensive income attributable to:			
Owners of the Company		98,264	112,343
Non-controlling interests		<u>(5,498)</u>	<u>(920)</u>
		<u>92,766</u>	<u>111,423</u>
		<i>HK cents</i>	<i>HK cents</i>
Earning per share – basic	14	<u>8.9</u>	<u>9.2</u>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2013

	Notes	31.3.2013 HK\$'000	31.3.2012 HK\$'000 (restated)	1.4.2011 HK\$'000 (restated)
<b>Non-current assets</b>				
Property, plant and equipment	15	175,147	166,093	108,868
Prepayment for acquisition of plant and equipment		11,940	1,936	36,380
Interests in associates	16	646,166	597,016	557,224
Available-for-sale investments	17	2,739	2,739	2,739
Intangible assets	18	1,459	1,459	1,459
		837,451	769,243	706,670
<b>Current assets</b>				
Inventories	19	95,071	80,386	79,197
Trade and other receivables	20	131,821	136,168	109,437
Bills receivable	21	13,487	2,556	4,075
Held-for-trading investments	22	3,804	48,536	48,705
Amounts due from associates	16	68	–	–
Bank balances and cash	23	84,545	52,877	65,690
		328,796	320,523	307,104
<b>Current liabilities</b>				
Trade and other payables	24	190,434	185,872	175,692
Bills payable	24	4,268	4,076	4,116
Derivative financial instruments	32	–	452	–
Tax payable		15,402	13,136	12,214
		210,104	203,536	192,022
<b>Net current assets</b>		118,692	116,987	115,082
<b>Total assets less current liabilities</b>		956,143	886,230	821,752
<b>Non-current liability</b>				
Deferred tax liabilities	25	10,076	8,053	5,759
		946,067	878,177	815,993

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

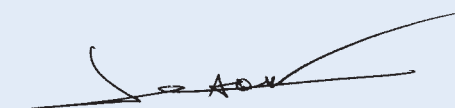
As at 31st March, 2013

	Notes	31.3.2013 HK\$'000	31.3.2012 HK\$'000 (restated)	1.4.2011 HK\$'000 (restated)
<b>Capital and reserves</b>				
Share capital	26	202,231	202,231	202,231
Reserves		746,308	673,323	611,538
Equity attributable to owners of the Company		948,539	875,554	813,769
Non-controlling interests		(2,472)	2,623	2,224
Total equity		946,067	878,177	815,993

The consolidated financial statements on pages 28 to 89 were approved and authorised for issue by the Board of Directors on 26th June, 2013 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, 2013

	Attributable to owners of the Company							Non- controlling interests	Total
	Share capital	Share premium	Capital reserve (Note)	Capital redemption reserve	Translation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2011, as originally stated	202,231	126,763	2,125	7,829	63,389	1,203,822	1,606,159	2,057	1,608,216
Effect of change in accounting policies (note 2)	-	-	-	-	(159)	(792,231)	(792,390)	167	(792,223)
At 1st April, 2011, as restated	202,231	126,763	2,125	7,829	63,230	411,591	813,769	2,224	815,993
Profit (loss) for the year	-	-	-	-	-	93,139	93,139	(961)	92,178
Other comprehensive income for the year									
Exchange difference arising on translation of foreign operations	-	-	-	-	19,204	-	19,204	41	19,245
Total comprehensive income (expense) for the year	-	-	-	-	19,204	93,139	112,343	(920)	111,423
Capital contribution from a non-controlling shareholder	-	-	-	-	-	-	-	1,319	1,319
Dividends recognised as distribution (note 13)	-	-	-	-	-	(50,558)	(50,558)	-	(50,558)
At 31st March, 2012 (as restated)	202,231	126,763	2,125	7,829	82,434	454,172	875,554	2,623	878,177
Profit (loss) for the year	-	-	-	-	-	89,742	89,742	(5,254)	84,488
Other comprehensive income (expense) for the year									
Exchange difference arising on translation of foreign operations	-	-	-	-	8,522	-	8,522	(244)	8,278
Total comprehensive income (expense) for the year	-	-	-	-	8,522	89,742	98,264	(5,498)	92,766
Capital contribution from a non-controlling shareholder	-	-	-	-	-	-	-	403	403
Dividends recognised as distribution (note 13)	-	-	-	-	-	(25,279)	(25,279)	-	(25,279)
At 31st March, 2013	202,231	126,763	2,125	7,829	90,956	518,635	948,539	(2,472)	946,067

**Note:** The capital reserve 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 the capital reserve and after reserve movements at the time of the capital reduction in previous years.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2013

	2013 HK\$'000	2012 HK\$'000 (restated)
<b>Operating activities</b>		
Profit before income tax	95,332	104,181
Adjustments for:		
Share of results of associates	(45,528)	(45,898)
Finance costs	486	–
Interest income	(865)	(349)
Depreciation	26,613	13,828
(Gain) loss on fair value changes of derivative financial instruments	(452)	452
Gain on disposal of property, plant and equipment	(455)	(224)
(Reversal of) allowance for doubtful debts	(846)	672
Allowance for inventories	8,104	4,386
Operating cash flows before movements in working capital	82,389	77,048
Increase in inventories	(23,108)	(5,528)
Decrease (increase) in trade and other receivables	4,388	(27,222)
(Increase) decrease in bills receivable	(10,931)	1,519
Decrease in held-for-trading investments	44,732	169
Increase in amounts due from associates	(68)	–
(Decrease) increase in trade and other payables	(3,426)	35,398
Increase (decrease) in bills payable	192	(40)
Net cash generated from operations	94,168	81,344
Income tax paid	(6,315)	(8,787)
<b>Net cash from operating activities</b>	<b>87,853</b>	<b>72,557</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (restated)
<b>Investing activities</b>		
Dividend received from the listed associate, net of withholding tax	4,570	26,962
Contribution to the pension fund of an associate	–	(26,962)
Interest received	865	349
Proceeds from disposals of property, plant and equipment	485	224
Purchase of property, plant and equipment	(27,574)	(30,166)
Prepayment for acquisition of plant and equipment	(10,004)	(6,492)
<b>Net cash used in investing activities</b>	<b>(31,658)</b>	<b>(36,085)</b>
<b>Financing activities</b>		
Repayment of bank loans	(56,869)	–
Dividend paid	(25,279)	(50,558)
Interest paid	(486)	–
New bank loans raised	56,869	–
Capital contribution from a non-controlling shareholder	403	1,319
<b>Net cash used in financing activities</b>	<b>(25,362)</b>	<b>(49,239)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>30,833</b>	<b>(12,767)</b>
<b>Effect of changes in exchange rates</b>	<b>835</b>	<b>(46)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>52,877</b>	<b>65,690</b>
<b>Cash and cash equivalents at end of the year, represented by bank balances and cash</b>	<b>84,545</b>	<b>52,877</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 1. GENERAL

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

The consolidated financial statements are presented in Hong Kong dollars (“HKD”), which is also 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 (“HKFRSs”)

In the current year, the Group has applied (i) the amendments to HKFRSs that have become effective and (ii) certain new and revised HKFRSs in advance of their effective date issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), as follows:

### HKFRSs that have become effective for the year

Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets
Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets

### HKFRSs that have been early applied for the year

Amendments to HKAS 1	As part of the annual improvements to HKFRSs 2009 – 2011 Cycle issued in 2012
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures

Except as described below, the application of the above amendments and new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and financial positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

### **Amendments to HKAS 1 Presentation of financial statements (as part of the Annual Improvement to HKFRSs 2009 – 2011 Cycle issued in June 2012)**

Various amendments to HKFRSs were issued in June 2012, the title of which is *Annual Improvements to HKFRSs (2009 – 2011 Cycle)*. In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1st April, 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011), which has resulted in a material effect on the information in consolidated statement of financial position as at 1st April, 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1st April, 2011 without related notes.

### **New and revised standards on consolidation, joint arrangements, associates and disclosures**

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

### HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all of the three criteria, including (a) an investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns, must be met. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Much more guidance has been included in HKFRS 10 to illustrate when an investor has control over an investee. In particular, guidance in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting shares in an investee has control over the investee is relevant to the Group. In assessing whether or not an investor with less than a majority of the voting rights in an investee has a sufficiently dominant voting interest to meet the power criterion, HKFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly, the size of the investor’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The adoption of HKFRS 10 has affected the Group’s accounting for the interest in Crown Capital Holdings Limited (“Crown Capital”).

The Group acquired a 47.05% ownership interest in Crown Capital from the date of incorporation and there has been no change in the Group’s ownership in Crown Capital since then. The Group’s 47.05% ownership interest in Crown Capital gives the Group the same percentage of the voting rights in Crown Capital. The remaining 52.95% of the ordinary shares of Crown Capital are owned by seven shareholders, none individually holding more than 18%.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 as to whether or not the Group has control over Crown Capital in accordance with the new definition of control and the related guidance set out in HKFRS 10. The directors concluded that it has had control over Crown Capital since the date of incorporation on the basis of the Group’s absolute size of holding in Crown Capital and the relative size of and dispersion of the shareholdings owned by the other shareholders. Therefore, in accordance with the requirements of HKFRS 10, Crown Capital has been a subsidiary of the Company since the date of incorporation. Previously, Crown Capital was treated as an associate of the Group and accounted for using the equity method of accounting.

The directors concluded that the adoption of HKFRS 10 had no significant impact on the profit for the year and earning per share for the year ended 31st March, 2012. Comparative amounts for the year ended 31st March, 2012 and the related balances as at 1st April, 2011 on the financial positions of the Group have been restated in accordance with the relevant transitional provisions.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

#### **HKFRS 12 Disclosure of Interests in Other Entities**

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

#### **HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures**

HKAS 28 (as revised in 2011) sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Specifically, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

During the year ended 31st March, 2011, there was a deemed partial disposal of the Group's interest in Nantong Jianghai Capacitor Company Limited (“Nantong Jianghai”), then a jointly controlled entity of the Group accounted for under the equity method, which subsequently became an associate of the Group. The amount of HK\$1,213,828,000, being the difference between the carrying amount of the investment on the date of change of status from a jointly controlled entity to an associate and fair value of the interest retained in Nantong Jianghai, adjusted for reclassification adjustment of translation reserve, has been recognised as a gain on the deemed disposal of the jointly controlled entity in profit or loss.

As a result of the application of HKAS 28 (as revised in 2011), part of the previously recognised gain on the deemed disposal of Nantong Jianghai, as well as the reclassification adjustment of translation reserve and the deferred tax liabilities, for the year ended 31st March, 2011 has been reversed. Comparative amounts for the year ended 31st March, 2012 and the related amounts as at 1st April, 2011 have been restated in accordance with the relevant transitional provisions. For the year ended 31st March, 2012, the adoption of HKAS 28 (as revised in 2011) has had no impact on the profit for the year and earning per share.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

#### Summary of the effects of the above changes in accounting policies

The effects of the above changes in accounting policies on the financial positions of the Group as at 1st April, 2011 and 31st March, 2012 is as follows:

	As at 1st April, 2011			As at 31st March, 2012			As at 31st March, 2012		
	(originally stated)	HKFRS 10 adjustments	HKAS 28 (As revised in 2011) adjustments	(restated)	(originally stated)	HKFRS 10 adjustments	HKAS 28 (As revised in 2011) adjustments	(restated)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Interests in associates	1,482,925	-	(925,701)	557,224	1,558,794	-	(961,778)	597,016	
Trade and other payables	(175,697)	5	-	(175,692)	(186,242)	370	-	(185,872)	
Amount due to an associate	(676)	676	-	-	(311)	311	-	-	
Deferred tax liabilities	(138,556)	-	132,797	(5,759)	(140,850)	-	132,797	(8,053)	
<b>Total effects</b>	<b>1,167,996</b>	<b>681</b>	<b>(792,904)</b>	<b>375,773</b>	<b>1,231,391</b>	<b>681</b>	<b>(828,981)</b>	<b>403,091</b>	
Translation reserve	63,389	-	(159)	63,230	118,670	-	(36,236)	82,434	
Retained profits	1,203,822	514	(792,745)	411,591	1,246,210	707	(792,745)	454,172	
Non-controlling interests	2,057	167	-	2,224	2,649	(26)	-	2,623	
<b>Total effects</b>	<b>1,269,268</b>	<b>681</b>	<b>(792,904)</b>	<b>477,045</b>	<b>1,367,529</b>	<b>681</b>	<b>(828,981)</b>	<b>539,229</b>	

Impact on assets, liabilities and equity as at 31st March, 2013 of the application of the amendments to HKAS 28 (as revised in 2011):

	<b>HKAS 28</b> <b>HK\$'000</b>
Decrease in interests in associates	(976,649)
Decrease in deferred tax liabilities	132,797
<b>Decrease in net assets</b>	<b>(843,852)</b>
Decrease in translation reserve	(51,107)
Decrease in retained profits	(792,745)
<b>Decrease in equity</b>	<b>(843,852)</b>

The application of the above new and revised standards has no material impact on cash flows of the Group for the prior years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

#### New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle except for amendments to HKAS 1 <sup>1</sup>
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>3</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>4</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>3</sup>
HKAS 19 (Revised 2011)	Employee benefits <sup>1</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2015.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2014.

<sup>4</sup> Effective for annual periods beginning on or after 1st July, 2012.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

### HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for the Group for annual period beginning on or after 1st April, 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may impact the classification and measurement of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

### HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for the Group for annual periods beginning on or after 1st April, 2013.

The directors anticipate that the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

### Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual periods beginning on 1st April, 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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 consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange of goods.

The consolidated financial statements have been prepared in accordance with 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 the Hong Kong Companies Ordinance.

The principal accounting policies are set out below.

### **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 when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Basis of consolidation** (continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate 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. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 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 the sale of goods and tooling income are recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income from investments is recognised when the shareholders' rights to receive payments have been established (provided that it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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 on initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Leasing**

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***

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

#### ***Leasehold land and building***

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 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 the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date when the fair value was determined. 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.

For the purposes of preparing 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. HKD) at the rates of exchanges prevailing at the end of the reporting period, 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 in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

### Retirement benefit costs

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

### Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income 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 end of the reporting period.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those 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 associated with investments in subsidiaries and associates, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Intangible assets

#### *Intangible assets acquired separately*

Club memberships with indefinite useful lives that are acquired separately 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.

#### *Internally-generated intangible assets – research expenditure*

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

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

#### *Financial assets*

The Group's financial assets are classified into one of three categories, loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 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 to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

#### *Financial assets at fair value through profit or loss*

Financial assets at FVTPL represent investments held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

#### *Financial assets* (continued)

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, bills receivable, amounts due from associates 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 of financial assets below).

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-for-maturity investments.

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 are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment of financial assets below).

##### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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 affected.

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
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial instruments** (continued)

##### **Financial assets** (continued)

##### *Impairment of financial assets* (continued)

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, 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.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's 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 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 and other 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 and other 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

#### *Financial liabilities and equity instruments*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

#### *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 (including all fees 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

#### *Financial liabilities (other than derivative financial instruments)*

Financial liabilities (including trade and other payables, and bills payable) are subsequently measured at amortised cost, using the effective interest method.

#### *Derivative financial instruments*

Derivatives that do not qualify for hedge accounting are initially recognised at fair value at the date of derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. 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, 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment loss on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 immediately in profit or loss.

Where 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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgments in applying accounting policies**

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### ***Control over Crown Capital***

Crown Capital is considered as a subsidiary of the Group even though the Group has only a 47.05% ownership interest and has only 47.05% of the voting rights in Crown Capital since the date of incorporation and the remaining 52.95% of the ownership interests are held by seven shareholders that are unrelated to the Group.

The directors of the Company assessed whether or not the Group has control over Crown Capital based on whether the Group has the practical ability to direct the relevant activities of Crown Capital unilaterally. In making their judgment, the directors considered the Group's absolute size of holding in Crown Capital, the relative size of and dispersion of the shareholdings owned by the other shareholders as well as other facts and circumstances including voting patterns at previous shareholders' meeting. After the assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Crown Capital and therefore the Group has control over Crown Capital.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### ***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. The management will then estimate its share of the present value of the estimated future cash flow expected to be generated by the associates, including the cash flows from the operations of the associates and the proceeds on the ultimate disposal of the investment. The carrying amount of interests in associates at the end of the reporting period is HK\$646,166,000 (2012: HK\$597,016,000).

#### ***Allowances for inventories***

The management of the Group reviews an aging analysis at the end of reporting period, and makes allowance for obsolete and slow-moving inventory items identified. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete items. During the year, the Group recognised allowances for inventories amounting to approximately HK\$8,104,000 (2012: HK\$4,386,000). As at 31st March, 2013, the carrying amount of inventories is HK\$95,071,000 (2012: HK\$80,386,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

**Key sources of estimation uncertainty** (continued)

#### ***Allowance for doubtful debts of trade and other receivables***

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the allowance for doubtful debts is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows to be derived from the trade and other receivables. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year, the Group recognised reversal of allowance for doubtful debts on receivables amounting to approximately HK\$846,000 (2012: allowance for doubtful debts HK\$672,000). As at 31st March, 2013, the carrying amount of trade and other receivables is HK\$131,821,000 (2012: HK\$136,168,000).

### 5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

The Group is organised into three operating divisions according to the types of products sold, which are LCDs, LCMs and LCD-related optical products that are widely used in electronic consumer products. The Group's operating segments are determined based on information reported to the chief operating decision maker ("CODM"), the executive directors and senior management, for the purposes of resource allocation and performance assessment.

In late 2011, the Group commenced to develop LCD-related optical products. During the current year, the CODM considers these products as a separate operating and reporting segment for the purpose of resource allocation and assessment of segment performance. Comparatives have been restated to conform with current year presentation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 5. REVENUE AND SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue and results by reportable and operating segment.

2013

	LCDs HK\$'000	LCMs HK\$'000	LCD- related optical product HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>Segment revenue</b>						
External sales	378,062	438,427	–	816,489	–	816,489
Inter-segment sales	128,308	–	–	128,308	(128,308)	–
<b>Total</b>	<b>506,370</b>	<b>438,427</b>	<b>–</b>	<b>944,797</b>	<b>(128,308)</b>	<b>816,489</b>
<b>Segment profit (loss)</b>	<b>46,933</b>	<b>14,702</b>	<b>(14,165)</b>	<b>47,470</b>	<b>–</b>	<b>47,470</b>
Interest income						865
Dividend income						1,459
Gain on fair value changes of held-for-trading investments						3,223
Gain on fair value changes of derivative financial instruments						452
Unallocated administrative costs						(2,377)
Net exchange loss						(802)
Finance costs						(486)
Share of results of associates						45,528
<b>Profit before income tax</b>						<b>95,332</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 5. REVENUE AND SEGMENT INFORMATION (continued)

2012

	LCDs <i>HK\$'000</i>	LCMs <i>HK\$'000</i>	LCD- related optical product <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Segment revenue</b>						
External sales	366,419	375,241	–	741,660	–	741,660
Inter-segment sales	105,180	–	–	105,180	(105,180)	–
<b>Total</b>	<b>471,599</b>	<b>375,241</b>	<b>–</b>	<b>846,840</b>	<b>(105,180)</b>	<b>741,660</b>
<b>Segment profit (loss)</b>	<b>48,161</b>	<b>21,976</b>	<b>(4,491)</b>	<b>65,646</b>	<b>–</b>	<b>65,646</b>
Interest income						349
Dividend income						1,985
Loss on fair value changes of held-for-trading investments						(6,067)
Loss on fair value changes of derivative financial instruments						(452)
Unallocated administrative costs						(1,882)
Net exchange loss						(1,296)
Share of results of associates						45,898
<b>Profit before income tax</b>						<b>104,181</b>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit generated from each segment, net of selling and distribution expenses and administrative costs directly attributable to each segment without allocation of interest income, dividend income, fair value changes of held-for-trading investments and derivative financial instruments, unallocated administrative costs, net exchange differences, finance costs and share of results of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at cost or cost plus a percentage of mark-up.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 5. REVENUE AND SEGMENT INFORMATION (continued)

#### Other segment information

The following other segment information is included in the measure of segment profit:

2013

	LCDs HK\$'000	LCMs HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation	23,360	3,075	26,435	178	26,613
Gain on disposal of property, plant and equipment	(384)	(71)	(455)	–	(455)
Reversal of allowance for doubtful debts	(503)	(343)	(846)	–	(846)
(Reversal of) allowance for obsolete inventories	(51)	8,155	8,104	–	8,104

2012

	LCDs HK\$'000	LCMs HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation	10,782	2,868	13,650	178	13,828
Gain on disposal of property, plant and equipment	(188)	(36)	(224)	–	(224)
Allowance for doubtful debts	191	481	672	–	672
Allowance for obsolete inventories	2,167	2,219	4,386	–	4,386

#### Segment assets and liabilities

As the CODM reviews the Group's assets and liabilities for the Group as a whole on a consolidated basis, no assets or liabilities are allocated to the operating segments. Therefore, no analysis of segment assets and liabilities is presented.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 5. REVENUE AND SEGMENT INFORMATION (continued)

#### Geographical information

The Group operates in two principal geographical areas, including Hong Kong and other regions in the People's Republic of China ("PRC").

Information about the Group's revenue from external customers and information about its non-current assets by geographical location of the customers and assets respectively, are detailed below:

	Revenue from external customers		Non-current assets	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong	172,065	175,616	7,044	7,668
Other regions of the PRC	165,639	116,100	180,502	161,623
Japan	99,821	82,112	–	–
United States	77,514	77,869	–	–
Taiwan	99,734	80,593	–	–
Germany	51,974	59,318	–	–
Other European countries	110,028	106,365	1,000	197
Other Asian countries	32,060	39,721	–	–
Other countries	7,654	3,966	–	–
	<b>816,489</b>	<b>741,660</b>	<b>188,546</b>	<b>169,488</b>

Note: Non-current assets excluded interests in associates and available-for-sale investments.

No customer has contributed over 10% of the total revenue of the Group for both years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 6. OTHER INCOME

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on bank deposits	865	349
Dividend income from investments held-for-trading	1,459	1,985
Tooling income	8,188	4,837
Scrap sales	2,219	3,837
Others	3,152	2,970
	<u>15,883</u>	<u>13,978</u>

### 7. OTHER GAINS AND LOSSES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Gain (loss) on fair value changes of derivative financial instruments	452	(452)
Gain (loss) on fair value changes of held-for-trading investments	3,223	(6,067)
Gain on disposal of property, plant and equipment	455	224
Net exchange loss	(802)	(1,296)
	<u>3,328</u>	<u>(7,591)</u>

### 8. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on bank loans wholly repayable within one year	486	–



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 9. INCOME TAX EXPENSE

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax		
Hong Kong	4,201	3,660
Other jurisdictions	5,730	6,049
	<u>9,931</u>	<u>9,709</u>
Overprovision in prior years		
Hong Kong	(1,110)	–
Deferred taxation ( <i>note 25</i> )		
Charge for the year	2,023	2,294
	<u>10,844</u>	<u>12,003</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Included in other jurisdictions is mainly PRC Enterprise Income Tax. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards. Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

Under the EIT Law, distributable profits of a PRC company earned by foreign investment enterprises from 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 9. INCOME TAX EXPENSE (continued)

Pursuant to the above-mentioned, the Group has recognised deferred tax liability for the Group's share of distributable profits earned by its PRC listed associate since 1st January, 2008. No deferred tax liabilities have been recognised in respect of the PRC subsidiaries and the remaining associate as the Group is able to control the timing of reversal of temporary difference of approximately HK\$44,098,000 (2012: HK\$34,295,000) of the subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future. The remaining associate has no distributable profits since 1st January, 2008.

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit before income tax	<b>95,332</b>	104,181
Tax at Hong Kong Profits Tax rate of 16.5%	<b>15,730</b>	17,190
Tax effect of share of results of associates	<b>(7,512)</b>	(7,573)
Tax effect of expenses that are not deductible for tax purpose	<b>1,773</b>	2,866
Tax effect of income not taxable for tax purpose	<b>(1,634)</b>	(3,549)
Tax effect of tax losses not recognised	–	3
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>1,971</b>	1,114
Overprovision in respect of prior years	<b>(1,110)</b>	–
Utilisation of tax losses previously not recognised	<b>(9)</b>	–
Utilisation of deductible temporary differences previously not recognised	<b>(7)</b>	(313)
Withholding tax for undistributed profits in an associate	<b>2,276</b>	2,294
Others	<b>(634)</b>	(29)
Income tax expense for the year	<b>10,844</b>	12,003

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 10. PROFIT FOR THE YEAR

	2013 HK\$'000	2012 HK\$'000
Profit for the year has been arrived at after charging:		
Director's emoluments ( <i>note 11</i> )	8,088	5,995
Retirement benefit scheme contributions, excluding directors	5,828	4,027
Other staff costs	165,209	152,856
<b>Total staff costs</b>	<b>179,125</b>	<b>162,878</b>
Auditor's remuneration	2,310	2,160
Cost of inventories recognised as expenses	695,215	615,218
Allowances for obsolete inventories (included in cost of sales)	8,104	4,386
Depreciation of property, plant and equipment	26,613	13,828
(Reversal of) allowance for doubtful debts	(846)	672
Research costs recognised as an expense	14,165	4,491
Share of tax of an associate (included in share of results of associates)	6,801	8,225

### 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the six directors and the chief executive were as follows:

#### Year ended 31st March, 2013

	Fang Hung, Kenneth HK\$'000	Li Kwok Wai, Frankie HK\$'000	Leung Tze Kuen HK\$'000	Tien Pei Chun, James HK\$'000	Chu Chi Wai, Allan HK\$'000	Lau Yuen Sun, Adrian HK\$'000	Total HK\$'000
Fee	-	-	-	250	250	250	750
Other emoluments							
Salaries and other benefits	1,440	4,354	720	-	-	-	6,514
Performance related incentive payments ( <i>Note</i> )	-	363	180	-	-	-	543
Retirement benefit scheme contributions	-	236	45	-	-	-	281
<b>Total emoluments</b>	<b>1,440</b>	<b>4,953</b>	<b>945</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>8,088</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Year ended 31st March, 2012

	Fang Hung, Kenneth HK\$'000	Li Kwok Wai, Frankie HK\$'000	Leung Tze Kuen HK\$'000	Tien Pei Chun, James HK\$'000	Chu Chi Wai, Allan HK\$'000	Lau Yuen Sun, Adrian HK\$'000	Total HK\$'000
Fee	-	-	-	250	250	250	750
Other emoluments							
Salaries and other benefits	1,440	2,104	720	-	-	-	4,264
Performance related incentive payments (Note)	-	500	300	-	-	-	800
Retirement benefit scheme contributions	-	130	51	-	-	-	181
Total emoluments	1,440	2,734	1,071	250	250	250	5,995

Note: The performance related incentive payment is determined on a discretionary basis with reference to operating results of the principal activities of the Group.

Mr. Li Kwok Wai, Frankie is also the Chief Executive of the Company and his emoluments disclosed above included those for services rendered by him as the Chief Executive.

No director waived any emoluments for the two years ended 31st March, 2013.

### 12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2012: two) was/were director(s) of the Company whose emoluments are included in note 11 above. The emoluments of the remaining four (2012: three) individuals were as follows:

	2013 HK\$'000	2012 HK\$'000
Salaries and other benefits	7,605	5,016
Performance related incentive payments	406	447
Retirement benefit scheme contributions	639	498
Total emoluments	8,650	5,961



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 12. EMPLOYEES' EMOLUMENTS (continued)

Their emoluments were within the following bands:

	2013 No. of employees	2012 No. of employees
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	1	2
HK\$2,500,001 to HK\$3,000,000	1	0

### 13. DIVIDENDS

Dividends recognised as distributions during the year:

	2013 HK\$'000	2012 HK\$'000
Final dividend in respect of the year ended 31st March, 2012 of HK2.5 cents per share (2012: Final dividend in respect of the year ended 31st March, 2011 of HK2 cents per share)	25,279	20,223
Special dividend in respect of the year ended 31st March, 2012 of nil (2012: Special dividend in respect of the year ended 31st March, 2011 of HK3 cents per share)	–	30,335
	<b>25,279</b>	<b>50,558</b>

Proposed final dividend:

	2013 HK\$'000	2012 HK\$'000
Final – HK2.5 cents (2012: HK2.5 cents) per share	25,279	25,279

The proposed final dividend for the year is subject to approval by the shareholders in the forthcoming general meeting.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 14. EARNING PER SHARE

The calculation of the basic earning per share is based on the profit attributable to the owners of the Company for the year and 1,011,155,171 (2012: 1,011,155,171) ordinary shares in issue.

No diluted earning per share is presented as there was no potential ordinary shares outstanding during both years and as at the end of the reporting period.

### 15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings 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
<b>COST</b>							
At 1st April, 2011	54,057	33,151	14,610	272,969	5,455	30,902	411,144
Exchange realignment	–	3	11	–	1	–	15
Additions	207	–	743	2,247	2,644	65,261	71,102
Disposals	–	–	(297)	(69)	(1,274)	–	(1,640)
Transfers	18,805	835	–	42,443	–	(62,083)	–
At 31st March, 2012	73,069	33,989	15,067	317,590	6,826	34,080	480,621
Exchange realignment	–	(22)	(50)	–	(4)	–	(76)
Additions	3,620	5,035	1,481	1,505	283	23,797	35,721
Disposals	–	–	(22)	(18,581)	(22)	–	(18,625)
Transfers	–	37,737	22	7,457	–	(45,216)	–
At 31st March, 2013	76,689	76,739	16,498	307,971	7,083	12,661	497,641
<b>DEPRECIATION AND AMORTISATION</b>							
At 1st April, 2011	9,049	29,789	12,614	246,393	4,431	–	302,276
Exchange realignment	–	13	44	–	7	–	64
Provided for the year	1,569	1,324	780	9,580	575	–	13,828
Eliminated on disposals	–	–	(297)	(69)	(1,274)	–	(1,640)
At 31st March, 2012	10,618	31,126	13,141	255,904	3,739	–	314,528
Exchange realignment	–	(10)	(39)	–	(3)	–	(52)
Provided for the year	3,711	6,944	856	14,354	748	–	26,613
Eliminated on disposals	–	–	–	(18,573)	(22)	–	(18,595)
At 31st March, 2013	14,329	38,060	13,958	251,685	4,462	–	322,494
<b>CARRYING VALUES</b>							
At 31st March, 2013	62,360	38,679	2,540	56,286	2,621	12,661	175,147
At 31st March, 2012	62,451	2,863	1,926	61,686	3,087	34,080	166,093

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Land and buildings	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 land and buildings shown above comprises:

	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Land and buildings in Hong Kong held under medium-term leases	<b>2,822</b>	2,999
Land and buildings outside Hong Kong held under:		
Freehold	<b>722</b>	760
Medium-term leases	<b>58,816</b>	58,692
	<b>62,360</b>	62,451

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 16. ASSOCIATES

#### Interests in associates

	<b>31.3.2013</b>	31.3.2012	1.4.2011
	<b>HK\$'000</b>	HK\$'000	HK\$'000
		(restated)	(restated)
Cost of investments in associates			
Listed in the PRC	<b>518,114</b>	518,114	518,114
Unlisted	<b>205,410</b>	205,410	205,410
Share of post-acquisition results, other comprehensive income and impairment loss recognised, net of dividends received	<b>(77,358)</b>	(126,508)	(166,300)
	<b>646,166</b>	597,016	557,224
Fair value of listed investments	<b>1,215,827</b>	1,223,873	1,923,458

Details of the Group's principal associates as at 31st March, 2013 and 2012 are as follows:

Name	Form of business	Place of incorporation or registration/ operation	Proportion of ownership interest/ voting power held by the Group		Principal activities
			2013	2012	
			(restated)		
Kunshan Visionox Display Company Limited ("Kunshan Visionox") 昆山維信諾顯示技術有限公司	Sino-foreign cooperate joint venture	The PRC	<b>43.87%</b> <i>(note 1)</i>	47.24% <i>(note 1)</i>	Development, manufacturing and selling of organic light emitted display ("OLED") products
Nantong Jianghai	Incorporated	The PRC	<b>37.50%</b>	37.50%	Manufacturing and trading of aluminium electrolytic capacitors

*Note 1:* Pursuant to Article of Association, the Group has 33.33% of the voting power by appointing three out of nine directors to the board of directors of that company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 16. ASSOCIATES (continued)

#### Interests in associates (continued)

The business of Kunshan Visionox, an unlisted associate principally engaged in the development, manufacturing and selling of OLED products has been affected by the slower than expected development of the OLED markets. In prior years, the Group had assessed the recoverable amount of its interests in Kunshan Visionox. The recoverable amount had been determined on the basis of value in use calculation. That calculation uses cash flow forecasts derived from the most recent financial budgets and forecast over the five-year period, approved by the management. The directors reviewed the anticipated profitability and the anticipated future operating cash flows of Kunshan Visionox and determined the recoverable amount of the interest in Kunshan Visionox was nil.

The directors of the Company considered that there is no objective evidence of reversal of impairment as the end of both reporting periods. As a result, the carrying amounts of the interest Kunshan Visionox was nil at the end of both reporting periods.

The summarised financial information of the Group's major associate is set out below. The summarised financial information below represents amount shown in the associate's financial statement prepared in accordance with HKFRSs adjusted by the Group for equity accounting purposes:

#### Financial position

	<b>31.3.2013</b>	31.3.2012
	<b>HK\$'000</b>	HK\$'000
Current assets	<b>1,390,976</b>	1,290,230
Non-current assets	<b>695,806</b>	574,670
Current liabilities	<b>(363,673)</b>	(272,857)
Net assets	<b>1,723,109</b>	1,592,043
Group's share of net assets of major associate	<b>646,166</b>	597,016

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 16. ASSOCIATES (continued)

#### Results for the year

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	<u>1,173,288</u>	<u>1,206,420</u>
Profit and total comprehensive income for the year	<u>121,408</u>	<u>122,396</u>
Group's share of associate's profits for the year	<u>45,528</u>	<u>45,898</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Net assets of the associate	1,723,109	1,592,043
Proportion of the Group's ownership interest in associates	37.5%	37.5%
Carrying amount of the Group's interest in associates	<u>646,166</u>	<u>597,016</u>

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

### 17. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments represent unlisted equity securities of a private entity engaging in manufacturing and trading of aluminium formed foil in the PRC. It is measured at cost less impairment at the end of the reporting period as the directors of the Company are of the opinion that their fair values cannot be measured reliably. No impairment was identified on this unlisted equity securities at the end of both reporting periods.

### 18. INTANGIBLE ASSETS

The intangible assets represent club memberships with indefinite useful lives.

The club memberships currently have a 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 or prior year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 19. INVENTORIES

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	41,382	35,161
Work in progress	21,789	14,750
Finished goods	31,900	30,475
	<b>95,071</b>	<b>80,386</b>

### 20. TRADE AND OTHER RECEIVABLES

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	116,921	114,301
Other receivables	6,789	3,296
Deposits	1,067	7,640
Prepayments	7,044	10,931
	<b>131,821</b>	<b>136,168</b>

The Group's trade and other receivables that are denominated in currencies other than functional currencies of the relevant group entities, as stated in note 28b(i), amounted to HK\$95,251,000 (2012: HK\$86,818,000).

The Group has a policy of allowing credit periods ranging from 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.

Included in the carrying amount of other receivables in 2013 is VAT recoverable of HK\$4,295,000 (2012: HK\$1,287,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 20. TRADE AND OTHER RECEIVABLES (continued)

The following is an aged analysis of trade receivables, net of allowance for doubtful debts at the end of the reporting period presented based on the invoice date (which approximated the respective revenue recognition dates):

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
1 – 30 days	61,986	61,870
31 – 60 days	26,913	35,424
61 – 90 days	21,700	9,819
91 – 120 days	6,322	7,188
	<b>116,921</b>	<b>114,301</b>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines corresponding credit limits.

Included in the Group's trade receivable balance are debtors with a carrying amount of approximately HK\$28,906,000 (2012: HK\$29,224,000) which are past due at the end of the reporting period 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.

All trade receivables which are past due but not impaired amounting to HK\$28,906,000 (2012: HK\$29,224,000) are 1-30 days overdue based on the payment due date.

#### Movement in the allowance for doubtful debts

	31.3.2013 <i>HK\$'000</i>	31.3.2012 <i>HK\$'000</i>
Balance at beginning of the year	15,175	20,387
Currency realignment	(122)	28
Impairment losses recognised	–	672
Reversal of impairment loss	(846)	–
Amounts written off	(3,363)	(5,912)
Balance at end of the year	<b>10,844</b>	<b>15,175</b>

Included in the allowance for doubtful debts are individually impaired trade and other receivables with a balance of HK\$10,844,000 (2012: HK\$15,175,000) which have continuous delinquent payments. The Group does not hold any collateral over these balances.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 21. BILLS RECEIVABLE

All the Group's bills receivable based on issuance date at 31st March, 2013 and 2012 were aged within 90 days.

The Group's bills receivable that is denominated in currencies other than functional currencies of the relevant group entities, as stated in note 28b(i), amounted to HK\$6,570,000 (2012: HK\$1,569,000).

### 22. HELD-FOR-TRADING INVESTMENTS

The held-for-trading investments represent the equity securities listed in Hong Kong. The fair values of held-for-trading investments have been determined by reference to the quoted market bid prices available on the Stock Exchange.

### 23. BANK BALANCES AND CASH

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 in the PRC, and the effective interest rate of the Group's bank balances ranged from 0.01% to 1.35% (2012: 0.01% to 1.35%) per annum.

The Group's bank balances and cash that are denominated in currencies, other than the functional currencies of the relevant group entities as stated in note 28b(i), amounted to HK\$73,273,000 (2012: HK\$42,839,000).

### 24. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

	31.3.2013 <i>HK\$'000</i>	31.3.2012 <i>HK\$'000</i> (restated)	1.4.2011 <i>HK\$'000</i> (restated)
Trade payables	93,488	89,077	71,810
Accrued charges	59,547	65,962	58,068
Other payables	37,399	30,833	45,814
Bills payable	4,268	4,076	4,116
	<b>194,702</b>	189,948	179,808
Amount analysed for reporting purposes as:			
Trade and other payables	190,434	185,872	175,692
Bills payable	4,268	4,076	4,116
	<b>194,702</b>	189,948	179,808

Trade and other payables are restated due to the application of certain new and revised HKFRSs as detailed in note 2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 24. TRADE AND OTHER PAYABLES AND BILLS PAYABLE (continued)

The following is an aged analysis by invoice date of trade payables at the end of the reporting period:

	2013 HK\$'000	2012 HK\$'000
Up to 30 days	31,699	35,991
31 – 60 days	17,928	21,459
61 – 90 days	22,370	12,843
91 – 120 days	14,440	11,301
Over 120 days	7,051	7,483
	<b>93,488</b>	<b>89,077</b>

All the Group's bills payables as at 31st March, 2013 and 2012 were due within 90 days.

The Group's trade and other payables that are denominated in currencies other than functional currencies of the relevant group entities as stated in note 28b(i), amounted to HK\$120,391,000 (2012: HK\$94,409,000).

### 25. DEFERRED TAXATION

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

	Gain on deemed disposal of a jointly controlled entity HK\$'000	Undistributed profits in an associate HK\$'000	Accelerated tax depreciation HK\$'000	Temporary differences on allowance for receivables HK\$'000	Total HK\$'000
At 1st April, 2011, as original stated	132,797	5,772	228	(241)	138,556
Effect in change in accounting policies (note 2)	(132,797)	–	–	–	(132,797)
At 1st April, 2011, as restated	–	5,772	228	(241)	5,759
Charge (credit) to profit or loss	–	2,294	89	(89)	2,294
At 31st March, 2012, as restated	–	8,066	317	(330)	8,053
Charge (credit) to profit or loss	–	2,276	(68)	55	2,263
Dividend withholding tax paid	–	(240)	–	–	(240)
At 31st March, 2013	–	10,102	249	(275)	10,076

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 25. DEFERRED TAXATION (continued)

For the purpose of consolidated statement of financial position presentation, the above deferred tax assets and liabilities have been offset.

At the end of the reporting period, the Group had unused tax losses of HK\$11.3 million (2012: HK\$11.3 million) and temporary differences on allowance for receivables of HK\$3.2 million (2012: HK\$4.1 million) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses for both years and the temporary differences on allowance for receivables of HK\$2.1 million (2012: HK\$2.1 million) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

## 26. SHARE CAPITAL

	Number of shares		Share capital	
	2013 '000	2012 '000	2013 HK\$'000	2012 HK\$'000
Authorised				
2,000 million ordinary shares of HK\$0.2 each	<b>2,000,000</b>	2,000,000	<b>400,000</b>	400,000
Issued and fully paid				
At beginning and end of the year	<b>1,011,155</b>	1,011,155	<b>202,231</b>	202,231

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March, 2013 and 2012.

## 27. 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 shareholders 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 associated 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 28. FINANCIAL INSTRUMENTS

### 28a. Categories of financial instruments

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	221,665	179,463
Available-for-sale investments	2,739	2,739
Held-for-trading investments	3,804	48,536
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	140,397	130,330
Derivative financial instruments	–	452

### 28b. Financial risk management and policies

The 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. These financial risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using internal risk assessment which analyses exposures by degree and magnitude of risks to mitigate these risk exposures. The group has formulated policies on currency risk, credit risk and liquidity risk 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.

#### **Market risks**

##### *(i) Currency risk*

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 71% (2012: 70%) of the Group's sales are denominated in currencies other than the functional currency of the group entities making the sale, whilst approximately 79% (2012: 65%) of purchases of raw materials are denominated in currencies other than the functional currency of the group entities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28b. Financial risk management and policies (continued)

##### **Market risks** (continued)

##### (i) *Currency risk* (continued)

The carrying amounts of the Group's significant monetary assets, including trade and other receivables, bills receivable, bank balances and cash, and monetary liabilities, including trade and other payables, denominated at the currencies other than the functional currency of the relevant group entity, which is HKD, at the end of reporting period are as follows:

	Assets		Liabilities	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Renminbi ("RMB")	89,999	61,670	76,418	49,342
Taiwan dollars ("NTD")	11,369	8,945	3	81
Japanese Yen ("JPY")	148	308	2,686	4,514
United States dollars ("USD")	73,530	59,925	41,252	40,439

##### Sensitivity analysis

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. A positive number below indicates an increase in post-tax profit where the functional currency of the relevant group entities strengthen 5% against relevant currency. For a 5% weakening of the functional currency of the relevant group entities against the relevant currency, there would be an equal and opposite impact on the post-tax profit, and the balances below would be negative.

	2013	2012
	HK\$'000	HK\$'000
RMB	(510)	(515)
NTD	(475)	(370)
JPY	95	176

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

## 28. FINANCIAL INSTRUMENTS (continued)

### 28b. Financial risk management and policies (continued)

#### **Market risks** (continued)

##### (i) *Currency risk* (continued)

###### Sensitivity analysis (continued)

For the group entities with functional currency in HKD, as HKD is pegged to USD, the exposure of fluctuation in exchange risk of HKD against USD is not considered significant and thus the effect is not considered in the sensitivity analysis.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

##### (ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to bank balance. The management considers the Group's exposure to interest rate risk is insignificant and accordingly, no sensitivity analysis is presented.

##### (iii) *Other price risk*

The Group is exposed to equity price risk through its investment in listed equity securities in Hong Kong. The management closely keeps watch of the price changes and takes appropriate action when necessary.

###### Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective held-for-trading investments had been 10% (2012: 10%) higher/lower, post-tax profit of the Group for the year would increase/decrease by HK\$318,000 (2012: HK\$4,053,000) as a result of the changes in fair value of held-for-trading investments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28b. Financial risk management and policies (continued)

##### *Credit risk*

As at 31st March, 2013, 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 is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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 at the end of each reporting period 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 good reputation.

The amounts due from the Group's five largest debtors which are all engaged in manufacturing and trading of electronic consumer products in Hong Kong, other regions of the PRC and United States of America and with good payment history accounted for 22% (2012: 28%) of the Group's total trade and bills receivables. The Group will monitor the level of exposures to ensure that follow up actions and/or corrective measures are taken promptly to lower the risk exposure or to recover the overdue balances. Other than the above, the Group has no other significant concentration risk, with exposures spread over a large number of counterparties and customers.

##### *Liquidity risk*

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, 2013, the Group's banking facilities amounted to approximately HK\$167,000,000 (2012: HK\$167,000,000) of which approximately HK\$8,100,000 (2012: HK\$9,000,000) were utilised for issuance of letters of credit and bills payable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28b. Financial risk management and policies (continued)

##### *Liquidity risk* (continued)

##### *Liquidity tables*

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The carrying amounts of financial liabilities represent the undiscounted cash flows that the Group is required to pay.

	<b>On demand or less than 3 months HK\$'000</b>
<hr/>	
<b>2013</b>	
<b>Non-derivative financial liabilities</b>	
Trade and other payables	136,129
Bills payable	<u>4,268</u>
	<b><u>140,397</u></b>
	On demand or less than 3 months HK\$'000
<hr/>	
<b>2012</b>	
<b>Non-derivative financial liabilities</b>	
Trade and other payables	126,254
Bills payable	<u>4,076</u>
	<b><u>130,330</u></b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28c. Fair value

The fair value of financial assets and financial liabilities other than derivative financial instruments are determined as follows:

- (i) The fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices.
- (ii) The fair value of derivative financial instruments is determined in accordance with option pricing model based with key inputs such as the time to maturity, knock-out probability, volatility, dividend yield, spot price of the underlying asset, interest rate level and the accumulating forward price of the transaction.
- (iii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

#### ***Fair value measurements recognised in the consolidated statement of financial position***

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28c. Fair value (continued)

##### *Fair value measurements recognised in the consolidated statement of financial position* (continued)

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
<b>2013</b>			
Held-for-trading investments	3,804	–	3,804
	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
<b>2012</b>			
Held-for-trading investments	48,536	–	48,536
Derivative financial instruments	–	(452)	(452)
Total	48,536	(452)	48,084

There were no transfers between Levels 1 and 2 in both years.

### 29. CAPITAL COMMITMENT

	2013 HK\$'000	2012 HK\$'000
Expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of plant and machinery	18,071	11,838
– Further capital contribution to an associate ( <i>note</i> )	–	49,300
	<b>18,071</b>	<b>61,138</b>

*Note:* At 31st March, 2012, the Group had agreed to contribute RMB40,000,000 (equivalent to HK\$49,300,000) to the registered capital of Kunshan Visionox. At 31st March, 2012, the Group had not made such contribution to Kunshan Visionox. The Group signed an agreement with all other equity holders of Kunshan Visionox to reduce the registered capital of Kunshan Visionox by RMB40,000,000 ("Capital Reduction") and the Group is not obliged to contribute RMB40,000,000 to the registered capital. During the year, the relevant government authority has formally approved the Capital Reduction. Accordingly, at the end of the reporting period, the Group does not have the capital commitments on additional capital injection in an associate and the Group's effective interest in the associate has decreased from 40.54% to 36.74%.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 30. OPERATING LEASE COMMITMENT

#### As lessee

Minimum lease payments paid under operating leases for rented premises and rented motor vehicles during the year amounted to approximately HK\$4,023,000 (2012: HK\$4,207,000) and HK\$500,000 (2012: HK\$550,000) respectively.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013		2012	
	Rented premises HK\$'000	Motor vehicles HK\$'000	Rented premises HK\$'000	Motor vehicles HK\$'000
Within one year	2,951	479	584	561
In the second to fifth year inclusive	1,207	328	1,357	852
	<b>4,158</b>	<b>807</b>	1,941	1,413

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

### 31. RETIREMENT BENEFIT PLANS

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF 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 MPF Scheme, which contribution is matched by employees.

The retirement benefit scheme contributions arising from the MPF Scheme charged to the consolidated statement of comprehensive income 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 in 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 profit or loss of approximately HK\$6,109,000 (2012: HK\$4,208,000) after forfeited contributions utilised in the MPF Scheme of nil (2012: approximately HK\$3,000) 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, 2013

### 32. DERIVATIVE FINANCIAL INSTRUMENTS

At 31st March, 2012, the Group has one outstanding equity decumulator contract with maturity date on 19th December, 2012. The derivative financial instruments were classified as held-for-trading investments and measured at fair value at the end of the reporting period. Based on the contract, the Group had an obligation to sell a specified number of a blue-chip Hong Kong listed equity security ("Share") daily if the stock price is lower than the predetermined forward price, and sold double the number of the Share daily if such stock price was higher than the predetermined forward price. The counterparty financial institution could terminate the contract when the market price of the underlying equity security was lower than a knock-out price set out in the contract. The equity decumulator contract expires during the year.

### 33. PLEDGE OF ASSETS

Securities trading facility in respect of investment in derivative financial instruments is secured by the held-for-trading investments of the Group of nil (2012: approximately HK\$11 million) at the end of the reporting period.

### 34. RELATED PARTY TRANSACTIONS

#### Compensation of key management personnel

The remuneration of directors during the year was as follows:

	2013 HK\$'000	2012 HK\$'000
Short-term benefits	7,807	5,814
Post-employment benefits	281	181
	<b>8,088</b>	5,995

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

### 35. CONTINGENT LIABILITIES

During the year, Nantong Jianghai in which the Group has a 37.5% interest has been involved in a legal proceeding in respect of breach of contractual agreement for an amount of approximately HK\$24,490,000. The management of Nantong Jianghai and its legal counsel are strongly resisting this claim and anticipate the outcome to be favourable to Nantong Jianghai. Details of the claim are disclosed in Nantong Jianghai's 2012 annual report.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2013

### 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31st March, 2013 and 2012 were 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 shares/registered capital held by the Company	Principal activities
Billion Power Investment Limited ( <i>notes 1&amp;2</i> )	Incorporated	Hong Kong	HK\$1	100%	Investment holding
Crown Capital	Incorporated	BVI	US\$8,502	47.05%	Investment holding
Jiangmen Yeebo Electronic Technology Ltd. ( <i>note 1</i> ) 江門億都電子科技有限公司	Wholly-owned foreign enterprise	The PRC	US\$3,708,314 (2012: US\$5,000,000) registered capital	100%	Manufacture of LCMs
Jiangmen Yeebo Semiconductor Co., Ltd. ( <i>note 1</i> ) 江門億都半導體有限公司	Wholly-owned foreign enterprise	The PRC	US\$53,001,371 registered capital	100%	Manufacture of LCDs
Yeebo (B.V.I.) Limited ( <i>notes 1&amp;2</i> )	Incorporated	BVI	US\$8,100	100%	Investment holding
Yeebo LCD Limited ( <i>note 1</i> )	Incorporated	Hong Kong	HK\$10,000	100%	Trading of LCDs and LCMs and investment holding
Yeebo Manufacturing Limited ( <i>note 1</i> )	Incorporated	Hong Kong	HK\$10,000	100%	Trading of LCDs and LCMs

*Note 1:* In the opinion of the directors, these subsidiaries principally affected the results for the year or formed a substantial portion of the net assets of the Group.

*Note 2:* The shares of these subsidiaries are directly held by the Company and the remaining subsidiaries are indirectly held 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.

At the end of both reporting period, the directors of the Company consider that no subsidiaries have non-controlling interests that are material to the Group.

## INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Assets</b>		
Investments in subsidiaries	83,384	83,384
Amounts due from subsidiaries	340,760	343,933
Other assets	478	448
Tax recoverable	231	–
	<u>424,853</u>	<u>427,765</u>
<b>Liabilities</b>		
Accrued charges	6,946	2,700
Amounts due to subsidiaries	4,862	2,806
Tax payables	–	14
	<u>11,808</u>	<u>5,520</u>
	<u>413,045</u>	<u>422,245</u>
<b>Capital and reserves</b>		
Share capital	202,231	202,231
Reserves	210,814	220,014
	<u>413,045</u>	<u>422,245</u>

## INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Share capital and Reserves of the Company:

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2011	202,231	126,763	7,829	49,259	60,289	446,371
Profit and total comprehensive income for the year	–	–	–	–	26,432	26,432
Dividends recognised as distribution	–	–	–	–	(50,558)	(50,558)
At 31st March, 2012	202,231	126,763	7,829	49,259	36,163	422,245
Profit and total comprehensive income for the year	–	–	–	–	16,079	16,079
Dividends recognised as distribution	–	–	–	–	(25,279)	(25,279)
At 31st March, 2013	202,231	126,763	7,829	49,259	26,963	413,045

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of Yeebo (B.V.I.) Limited at the date on which it was acquired by the Company, and the nominal amount 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. 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 or pay a dividend, or make a distribution out of the contributed surplus, if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

## FINANCIAL SUMMARY

### RESULTS

	Year ended 31st March,				
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000 (restated)	2013 HK\$'000
Turnover	515,002	454,565	646,798	741,660	<b>816,489</b>
Profit (loss) before income tax	(40,991)	(128,180)	1,314,355	104,181	<b>95,332</b>
Income tax expense	(1,637)	(2,570)	(141,878)	(12,003)	<b>(10,844)</b>
Profit (loss) for the year	(42,628)	(130,750)	1,172,477	92,178	<b>84,488</b>
Attributable to:					
Owners of the Company	(38,252)	(130,398)	1,170,562	93,139	<b>89,742</b>
Non-controlling interests	(4,376)	(352)	1,915	(961)	<b>(5,254)</b>
	(42,628)	(130,750)	1,172,477	92,178	<b>84,488</b>

### ASSETS AND LIABILITIES

	At 31st March,				
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000 (restated)	2013 HK\$'000
Assets and liabilities					
Total assets	676,730	563,630	1,939,475	1,089,766	<b>1,166,247</b>
Total liabilities	(99,555)	(127,020)	(331,259)	(211,589)	<b>(220,180)</b>
	577,175	436,610	1,608,216	878,177	<b>946,067</b>
Equity attributable to owners of the Company	577,175	436,610	1,606,159	875,554	<b>948,539</b>
Non-controlling interests	–	–	2,057	2,623	<b>(2,472)</b>
	577,175	436,610	1,608,216	878,177	<b>946,067</b>

*Note:* The figures for the year ended / as at 31st March, 2009, 2010 and 2011 were extracted from previous years' audited financial statements and have not been restated for the effect of the application of the new and revised HKFRSs as set out in note 2 to the consolidated financial statements as it is not cost effective to restate the figures.