



YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

INTERIM REPORT

2014/15

CHAIRMAN'S STATEMENT

Dear Shareholders,

I take pleasure in presenting to our shareholders the results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September, 2014.

For the six months ended 30th September, 2014, the Group recorded a growth of 4% in consolidated turnover to HK\$467 million, whereas the profit attributable to owners of the Company increased by 12% to HK\$64 million.

In the period under review, the display business environment was full of challenges. Despite the slow recovery of the global economy, both the Liquid Crystal Displays ("LCD") and Liquid Crystal Displays Modules ("LCM") businesses boosted up the overall turnover from 449 million to 467 million. However, the wage level in the People's Republic in China ("PRC") continued to rise and the shortage of workers in the Guangdong province persisted. The latter had affected the Group's production capacity utilization. However, the Group managed to maintain the gross profit margin by the uplifting of the selling price and the savings in average material cost. In early 2014, the Group entered into the capacitive touch panel ("CTP") market and set up a factory in Shenzhen with a view to broaden the source of income. However, the demand in the CTP market weakened since June 2014, and the CTP business is not expected to have a profit contribution to the Group in current year. Nevertheless, the Group is still confident in the prospect of CTP business in future.

In the backdrop of rising wages and shortage of workers in the Guangdong province, the Group had stepped up the automation process in production. In addition, we have set up a new production facility in Guangxi where the wage level is relatively lower and the labour supply is more abundant and stable. The preliminary results are encouraging and, thus, the Group is actively pursuing an expansion production plan in Guangxi.

The Group's share of profit from Nantong Jianghai Capacitor Company Limited, a 37.5% owned associated company, increased by 20% to HK\$43 million. The strong demand in industrial capacitors and the gain from disposal of 60% interest in a wholly-owned subsidiary (principally engaged in top decks production) had translated into a higher sales volume and profit in the period under review.

Looking ahead, the global economic recovery remained slow. The Group is set to expand the high end market segment and broaden the product range to capture a higher margin. With the increasing automation of the production and diversification of the production base to Guangxi to curb the twin problems of rising wages and shortage workers supply, we expect the profitability could be improved progressively.

Fang Hung, Kenneth
Chairman

Hong Kong, 28th November, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a consolidated turnover for the six months ended 30th September, 2014 of approximately HK\$467 million (2013: HK\$449 million), an increase of HK\$18 million or 4% as compared with corresponding period in last year. Profit attributable to owners of the Company was HK\$64 million (2013: HK\$57 million), representing an increase of approximately HK\$7 million.

External sales of the LCD increased by HK\$11 million, from HK\$191 million to HK\$202 million. Turnover of the LCM increased by HK\$7 million, from HK\$258 million to HK\$265 million. The increases in LCD and LCM turnover were largely attributable to the aggressive promotion effort in the high end market and thin film transistor liquid crystal display ("TFT") modules. In the segment results, the LCD segment recorded an increase in segment profit of HK\$6 million from HK\$20 million for the last year to HK\$26 million this year. The LCM segment recorded an increase in segment profit of HK\$4 million from HK\$10 million for the last year to HK\$14 million this year. The increase in selling price, enhancement in inventory control and branching out production base in Guangxi had compensated the negative impact of shortage of labour. In late 2013, the Group began to set up a factory in Shenzhen to manufacture CTP. As the factory is still at trial run stage and the general market condition of CTP has softened, the CTP segment recorded a loss of HK\$9 million in the period under review.

The Group recorded a gross profit of approximately HK\$65 million (2013: HK\$64 million) and a gross profit margin of approximately 14% (2013: 14%) for the period under review. Continuous rising in wages in PRC, higher manufacturing overhead and shortage of labour had affected the production cost and capacity. The Group reacted by accelerating the automation plan, shifting part of production process to Guangxi, selling higher margin products and lowering the procurement cost. As a result, the gross profit margin maintained at the same level as last year.

During the period, other income amounted to approximately HK\$9 million (2013: HK\$6 million). The other income mainly composed of tooling income and scrap sales.

Net loss from other gains and losses for current period was mainly attributable to exchange loss.

Selling and distribution expenses amounted to approximately HK\$32 million (2013: HK\$27 million) and accounted for 7% of turnover (2013: 6%). The increase was mainly due to the increase in bad debt provision and promotional expenses.

Administrative expenses amounted to HK\$12 million (2013: HK\$16 million), representing a decrease of HK\$4 million, which was mainly due to the savings in staff-related costs.

Finance costs amounted to HK\$283,000 (2013: nil), which were mainly incurred for bank borrowings to finance working capital needs.

Investments in Associates

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

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

The share of profit from Nantong Jianghai amounted to HK\$43 million (2013: HK\$36 million). The increase was largely attributable to (1) the continuous shift of its product mix towards industrial capacitors which command a higher sales value and gross profit margin, and (2) the gain from disposing 60% interest of a wholly owned subsidiary (principally engaged in the manufacture and sales of top decks) to a third party.

Other than conventional aluminium electrolytic capacitors, Nantong Jianghai has broadened its product range. It has launched the thin film capacitors and is also developing the super capacitors, both of which are regarded as high growth potential businesses.

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

Kunshan Visionox, an associate of the Company, is a manufacturer of organic light-emitting diode 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. In order to further improve the performance, Kunshan Visionox is undergoing a series of transformation to improve profitability. This included (1) shifting its product mix from low margin to high margin products; (2) improving the production processing to enhance the yield and utilization; and (3) reducing operating costs through organization restructuring. The Group will continue to monitor the development of Kunshan Visionox to consider whether the impairment loss could partly or fully be reversed.

PROSPECTS

Looking forward, the profit margin of the Group would be under pressure due to the mounting labour costs and the unexpected adverse market conditions of the CTP market. As mitigation to the shortage of labour issue, the Group had set up a new production plant in Guangxi. The preliminary results are satisfactory. With more solid experience in branching out the production facility, the Group is actively pursuing expanding the production plan in Guangxi with an aim to improve the overall production utilization rate. At the same time, we will continue to open up the CTP and also TFT modules market to broaden our sources of income and to achieve our goal to become a “one-stop” provider for full range displays (from monochrome to colour). Though it is not expected that the CTP segment will be profitable in the current financial year, we are confident that it will contribute positively to the Group in future.

The management maintains a cautious view towards the results of the Group for the latter half of the financial year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2014, the Group’s current ratio was 1.2 (31st March, 2014: 1.3). The gearing ratio, as a ratio of bank borrowings to net worth, was nil (31st March, 2013: 2.5%).

As at 30th September, 2014, the Group had total assets of approximately HK\$1,383 million, which were financed by liabilities of HK\$328 million and total equity of HK\$1,055 million.

As at 30th September, 2014, the Group’s banking facilities amounted to approximately HK\$113 million (31st March, 2014: HK\$148 million) of which approximately HK\$9 million (31st March, 2014: HK\$34 million) were utilized mainly for issuance of letters of credit, short term loan and bills payable.

Property, plant and equipment increased by approximately HK\$21 million which was mainly incurred for setting up CTP plant, upgrading ITO glass production line and production automation.

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

As at 30th September, 2014, Nantong Jianghai in which the Group has a 37.5% interest has been judged by a court in PRC for breaching of contractual agreement for a principal amount of approximately HK\$11,652,000 (RMB9,331,000) plus an interest element. Subsequent to 30th September, 2014, the court case was dismissed by court of appeal and the outcome was favourable to the associate.

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.

The Company has 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 motivate the participants for the continual operation and development of the Group.

DIVIDEND

The Directors have resolved not to recommend the payment of an interim dividend for the six months ended 30th September, 2014.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 30th September, 2014, the interests and short positions of the Directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in the share of the Company

	Number of shares and nature of interests			Percentage of Company's issued capital
	Personal interests	Through controlled corporations	Total	
Mr Fang Hung, Kenneth (Note (i))	20,130,000	697,692,368	717,822,368	70.99%
Mr Li Kwok Wai, Frankie (Note (ii))	35,322,013	697,692,368	733,014,381	72.49%
Mr Leung Tze Kuen (Note (iii))	640,000	–	640,000	0.06%

Notes:

- (i) Antrix Investment Limited owns 697,692,368 shares of the Company. Mr Fang Hung, Kenneth and Mr Li Kwok Wai, Frankie beneficially owns 51% and 49%, respectively, of the issued share capital of Antrix Investment Limited.
- (ii) The 640,000 shares represent shares granted under the share award scheme of the Company and are subject to the satisfactory fulfilment of vesting conditions.

Save as disclosed above, as at 30th September, 2014, none of the Directors, the chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2014, the following interests and short position of 5% or more in the shares and underlying shares of the Company were recorded in register maintained by the Company pursuant to Section 336 of the SFO.

Long position in the shares of the Company

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

Note: Antrix Investment Limited is held as to 51% by Esca Investment Limited (a company wholly-owned by Mr Fang Hung, Kenneth) and 49% by Megastar Venture Limited (a company wholly-owned by Mr Li Kwok Wai, Frankie). The Shares held by Esca Investment Limited and Megastar Venture Limited represent the same interest held by Antrix Investment Limited, which have also been disclosed as an interest of Mr Fang Hung, Kenneth and Mr Li Kwok Wai, Frankie under the section "Interests of Directors' and Chief Executive in Securities".

Save as disclosed above, as at 30th September, 2014, 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.

CHANGES IN DIRECTORS' INFORMATION

With effect from 30th July, 2014, Mr Fang Hung, Kenneth resigned as a non-executive director of Xiezhong International Holdings Limited, the shares of which are listed on the Stock Exchange.

Other than disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules").

CORPORATE GOVERNANCE

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

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

The board is reviewing the situation and will, where appropriate, take necessary steps including amendment of the Company's bye laws to ensure compliance with the Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30th September, 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of securities of the Company or by any of its subsidiaries during the six months ended 30th September, 2014.

AUDIT COMMITTEE

The Audit Committee comprises all of the three independent non-executive Directors, namely The Hon. Tien Pei Chun, James, Mr Chu Chi Wai, Allan and Mr Lau Yuen Sun, Adrian; as well as Mr Fang Yan Tak, Douglas, non-executive Director. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September, 2014.

Deloitte.

德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF YEEBO (INTERNATIONAL HOLDINGS) LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Yeebo (International Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 24, which comprise the condensed consolidated statement of financial position as of 30th September, 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28th November, 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September, 2014

		Six months ended	
	Notes	30.9.2014 HK\$'000 (unaudited)	30.9.2013 HK\$'000 (unaudited)
Revenue	3	466,627	449,050
Cost of sales		(401,838)	(385,012)
Gross profit		64,789	64,038
Other income		8,599	6,171
Interest income		233	402
Other gains and losses	4	(538)	615
Selling and distribution expenses		(31,849)	(26,806)
Administrative expenses		(11,927)	(16,371)
Finance costs		(283)	–
Share of results of associates		42,941	35,701
Share of results of a joint venture		80	8
Profit before income tax		72,045	63,758
Income tax expense	5	(7,861)	(6,983)
Profit for the period	6	64,184	56,775
Other comprehensive income:			
An item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		8,285	9,064
Total comprehensive income for the period		72,469	65,839
Profit (loss) for the period attributable to:			
Owners of the Company		63,614	56,936
Non-controlling interests		570	(161)
		64,184	56,775
Total comprehensive income attributable to:			
Owners of the Company		71,537	65,529
Non-controlling interests		932	310
		72,469	65,839
Earnings per share			
Basic – HK cents	8	6.29	5.63

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2014

	Notes	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	247,960	226,728
Prepayment for acquisition of property, plant and equipment		22,982	15,509
Interests in associates		738,338	700,860
Interest in a joint venture		539	459
Available-for-sale investments		2,739	2,739
Intangible assets		1,459	1,459
		1,014,017	947,754
Current assets			
Inventories		132,670	110,387
Trade and other receivables	10	174,155	153,337
Bills receivables	10	19,309	20,415
Amounts due from associates	11	31	70
Bank balances and cash		42,779	65,145
		368,944	349,354
Current liabilities			
Trade and other payables	12	261,034	222,965
Bills payables	12	4,308	3,977
Dividend payable		30,335	–
Bank borrowings		–	25,430
Tax payable		17,862	15,291
		313,539	267,663
Net current assets		55,405	81,691
Total assets less current liabilities		1,069,422	1,029,445

	<i>Notes</i>	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Non-current liability			
Deferred tax liabilities		14,252	12,831
		1,055,170	1,016,614
Capital and reserves			
Share capital	<i>13</i>	202,231	202,231
Reserves		854,192	816,568
Equity attributable to owners of the Company		1,056,423	1,018,799
Non-controlling interests		(1,253)	(2,185)
Total equity		1,055,170	1,016,614

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2014

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve (Note)	Capital redemption reserve	Translation reserve	Share award reserve	Share held for award scheme	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2013 (audited)	202,231	126,763	2,125	7,829	90,956	-	-	518,635	948,539	(2,472)	946,067
Profit (loss) for the period	-	-	-	-	-	-	-	56,936	56,936	(161)	56,775
Other comprehensive income for the period											
Exchange differences arising on translation of foreign operations	-	-	-	-	8,593	-	-	-	8,593	471	9,064
Total comprehensive income for the period	-	-	-	-	8,593	-	-	56,936	65,529	310	65,839
Dividend – declared (Note 7)	-	-	-	-	-	-	-	(25,279)	(25,279)	-	(25,279)
At 30th September, 2013 (unaudited)	202,231	126,763	2,125	7,829	99,549	-	-	550,292	988,789	(2,162)	986,627
At 1st April, 2014 (audited)	202,231	126,763	2,125	7,829	89,620	185	(8,655)	598,701	1,018,799	(2,185)	1,016,614
Profit for the period	-	-	-	-	-	-	-	63,614	63,614	570	64,184
Other comprehensive income for the period											
Exchange differences arising on translation of foreign operations	-	-	-	-	7,923	-	-	-	7,923	362	8,285
Total comprehensive income for the period	-	-	-	-	7,923	-	-	63,614	71,537	932	72,469

Attributable to owners of the Company

	Share capital	Share premium	Capital reserve (Note)	Capital redemption reserve	Translation reserve	Share award reserve	Share held for award scheme	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Shares purchased for share award scheme	-	-	-	-	-	-	(4,680)	-	(4,680)	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme (Note 14)	-	-	-	-	-	1,102	-	-	1,102	-	1,102
Shares vested under share award scheme (Note 14)	-	-	-	-	-	(942)	942	-	-	-	-
Dividend – declared (Note 7)	-	-	-	-	-	-	-	(30,335)	(30,335)	-	(30,335)
At 30th September, 2014 (unaudited)	202,231	126,763	2,125	7,829	97,543	345	(12,393)	631,980	1,056,423	(1,253)	1,055,170

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September, 2014

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	33,613	20,881
Investing activities		
Purchase of property, plant and equipment	(33,543)	(22,216)
Capital contribution to a joint venture	–	(316)
Prepayment for acquisition of property, plant and equipment	(10,090)	(17,357)
Dividend received from the listed associate, net of withholding tax	13,803	4,659
Proceeds on disposal of property, plant and equipment	235	–
Others	233	402
Net cash used in investing activities	(29,362)	(34,828)
Financing activities		
Repayment of bank loans	(25,430)	–
Interest paid	(283)	–
Repayment from associates	39	68
Net cash (used in) from financing activities	(25,674)	68
Net decrease in cash and cash equivalents	(21,423)	(13,879)
Effect of change in exchange rates	(943)	(35)
Cash and cash equivalents at beginning of the period	65,145	84,545
Cash and cash equivalents at end of the period, represented by bank balances and cash	42,779	70,631

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2014

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended 30th September, 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2014.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HKFRIC 21	Levies

The application of the new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operating segments, 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, focus on the types of products sold by the Group's operating divisions, which are liquid crystal displays ("LCDs"), liquid crystal display modules ("LCMs"), LCD-related optical products and LCD-related products.

In 2014, the Group commenced to develop LCD-related products. During the current period, the CODM considers these products to be a separate operating and reporting segment for the purpose of resource allocation and performance assessment.

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

Six months ended 30th September, 2014

	LCDs HK\$'000	LCMs HK\$'000	LCD- related optical products HK\$'000	LCD- related products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue							
External sales	201,710	264,552	-	365	466,627	-	466,627
Intersegment sales	69,991	-	-	-	69,991	(69,991)	-
Total	271,701	264,552	-	365	536,618	(69,991)	466,627
Segment profit (loss)	25,937	14,104	(269)	(8,732)			31,040
Interest income							233
Dividend income							219
Unallocated administrative costs							(2,185)
Finance costs							(283)
Share of results of associates							42,941
Share of results of a joint venture							80
Profit before income tax							72,045

3. SEGMENT INFORMATION *(continued)*

Six months ended 30th September, 2013

	LCDs HK\$'000	LCMs HK\$'000	LCD- related optical products HK\$'000	LCD- related products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue							
External sales	191,276	257,774	-	-	449,050	-	449,050
Inter-segment sales	79,349	-	-	-	79,349	(79,349)	-
Total	270,625	257,774	-	-	528,399	(79,349)	449,050
Segment profit (loss)	19,754	10,094	(1,328)	-			28,520
Interest income							402
Dividend income							104
Fair value changes of held-for- trading investments							85
Unallocated administrative costs							(1,062)
Share of results of associates							35,701
Share of results of a joint venture							8
Profit before income tax							63,758

Segment profit (loss) represents the profit (loss) generated from/incurred by each segment, net of selling and distribution costs and administrative costs directly attributable to each segment without allocation of interest income, dividend income, fair value changes of held-for-trading investments, unallocated administrative costs, finance costs, share of results of associates and a joint venture. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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.

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2014 HK\$'000	30.9.2013 HK\$'000
Loss on disposal of property, plant and equipment	(79)	(28)
Net exchange (loss) gain	(459)	558
Gain on fair value changes of held-for-trading investments	–	85
	(538)	615

5. INCOME TAX EXPENSE

	Six months ended	
	30.9.2014 HK\$'000	30.9.2013 HK\$'000
The tax charge comprises:		
Current tax		
Hong Kong	4,110	1,958
Other jurisdictions	2,332	3,486
	6,442	5,444
Deferred taxation		
Current period	1,419	1,539
	7,861	6,983

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdiction.

Under the Law of the People's Republic of China ("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.

Under the EIT Law, distributable profits earned by foreign investment enterprises since 1st January, 2008 are subject to withholding tax of 10% of profit distributed to non-resident 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 "Arrangement"), 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.

5. INCOME TAX EXPENSE *(continued)*

Pursuant to the above-mentioned Arrangement, the Group has recognised a 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 as the Group is able to control the timing of the reversal of temporary differences of the subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future. The remaining associate has no significant distributable profits since 1st January, 2008.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	15,595	12,975
Share of tax of associates (included in share of results of associates)	7,977	6,023
Allowances for doubtful debts	3,758	716
Allowances for obsolete inventories (included in cost of sales)	2,389	4,064
Research cost recognised as an expense	341	1,328

7. DIVIDEND

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31st March, 2014 of HK3 cents per share (2013: Final dividend in respect of the year ended 31st March, 2013 of HK2.5 cents per share)	30,335	25,279

8. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2014	30.9.2013
Earnings attributable to the owners of the Company for the purpose of basic earnings per share (HK\$'000)	63,614	56,936
Number of ordinary shares for the purpose of basic earnings per share	1,011,155,171	1,011,155,171

No diluted earnings per share has been presented as there was no significant potential ordinary shares outstanding during both periods and as at the end of the reporting period.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group spent approximately HK\$37,148,000 (six-month period ended 30th September, 2013: HK\$51,841,000) on the additions to the property, plant and equipment, which are mainly for the setting up CTP plant, upgrading ITO glass production line and production automation.

10. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLES

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

The following is an aged analysis by invoice date of trade receivables, net of allowance for doubtful debts, at the end of the reporting period:

	30.9.2014	31.3.2014
	HK\$'000	HK\$'000
1 – 30 days	75,850	70,155
31 – 60 days	58,152	36,513
61 – 90 days	17,206	22,349
91 – 120 days	7,761	10,973
	158,969	139,990

All the Group's bills receivables as at 30th September, 2014 and 31st March, 2014 were due within 90 days.

11. AMOUNTS DUE FROM ASSOCIATES

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

12. TRADE AND OTHER PAYABLES/BILLS PAYABLES

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

	30.9.2014	31.3.2014
	HK\$'000	HK\$'000
Up to 30 days	50,711	43,628
31 – 60 days	41,599	24,842
61 – 90 days	41,453	27,697
91 – 120 days	9,148	15,382
Over 120 days	8,115	8,890
	151,026	120,439

All the Group's bills payables as at 30th September, 2014 and 31st March, 2014 were due within 90 days.

13. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.20 each		
Issued and fully paid		
At 1st April, 2013, 30th September, 2013, 31st March, 2014 and 30th September, 2014	1,011,155,171	202,231

14. SHARE AWARD SCHEME

The share award scheme of the Company was adopted by the board of directors on 24th October, 2012. Pursuant to the share award scheme, existing shares will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants until such shares are vested with the relevant selected participants in accordance with the provisions of the scheme.

4,070,000 awarded shares were granted and 812,000 shares were vested during the period.

The fair value of the awarded shares on the grant date during the period was determined based on the quoted share price of the Company on that date.

15. CAPITAL COMMITMENTS

	30.9.2014 HK\$'000	31.3.2014 HK\$'000
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	25,786	17,488

16. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

During the current interim period, the Group's remuneration paid to the directors who represent the key management personnel of the Group are as follows:

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Short-term benefits	3,817	3,692
Post-employment benefits	130	130
	3,947	3,822

17. CONTINGENT LIABILITIES

The PRC listed associate in which the Group has a 37.5% (31st March, 2014: 37.5%) interest has been tried by a court in the PRC, namely 江蘇省南通市中級人民法院, for breaching a contractual agreement. As at 30th September, 2014, the case was dismissed by the court, namely 江蘇省高級人民法院, in favour of the associate.