



# YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

INTERIM REPORT

2015/16

## 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 six months ended 30th September, 2015.

For the period under review, the Group recorded a growth of 10% in consolidated turnover to HK\$513 million, whereas the profit attributable to owners of the Company increased by HK\$9 million to HK\$73 million. The increase in profit was mainly due to the improved business performance of our core display business and the resumption of the share of profit of Kunshan Visionox Display Co. Ltd. ("Kunshan Visionox"), an associated company of the Group. This was partly offset by the decrease in the share of profit of Nantong Jianghai Capacitor Company Limited ("Nantong Jianghai"), another associated company.

The global economy was recovering slowly and the demand for electronic products was still lackluster. Nevertheless, the Group's sales recorded an increase of HK\$46 million, thanks for the growth in high-value products segment. The Liquid Crystal Display Module ("LCM") business continued to gain market share in the industrial segment. The Thin Film Transistor ("TFT") module business maintained its growth momentum as we have expanded our production capacity and secured reliable supply of panels.

In the backdrop of mounting pressure on profit margin as a result of keen price competition and rising wages in mainland China, the Group registered an increase in profit before income tax of HK15 million. The Group demonstrated its resilience by adopting a series of profitability enhancement measures, which included (1) expansion of production capacity in Guangxi province to curb the rising labour costs and labour shortage problem in the Guangdong province and (2) implementation of automation plans to enhance the production yield and efficiency.

On the other hand, a sluggish demand and severe price competition continued to prevail in the Capacitive Touch Panel ("CTP") market during the period. We do not expect the CTP operation to provide meaningful profit contribution to the Group this year.

In the period under review, Kunshan Visionox, a 43.9% owned associate of the Group, continued to perform well as the demand for its Organic Light Emitting Diode ("OLED") products rose and its production output increased. The Group's share of its profit for the period amounted to HK\$11 million. No share of profit of Kunshan Visionox was recorded in the corresponding period last year as the Group only resumed sharing its profit in the second half of the year ended 31st March, 2015.

The Group's share of profit from Nantong Jianghai, a 37.5% owned associated company whose shares are listed in the Shenzhen Stock Exchange, decreased by 16% to HK\$36 million. The fall in global demand and the keen price competition in the aluminium electrolytic capacitors market dragged down the sales and gross profit margin. Apart from the weakened sales, the decrease in profit of Nantong Jianghai was also due to the higher research and development costs, in particular for supercapacitors, incurred in current year as well as the non-recurrence of the one-off gain from disposing 60% interests in a then wholly-owned subsidiary recorded in last year. Nantong Jianghai is fully committed to developing the thin film capacitors and supercapacitors. This was reflected by its intention to raise capital of RMB1,200 million through the non-public offering of new shares to investors, subject to the approval of the China Securities Regulatory Commission, to finance the product and business development of both thin film capacitors and supercapacitors.

During the period under review the Company repurchased a total of 8,608,000 of its own shares. The board of Directors believes that the Company's shares have been trading at a level which significantly undervalues the Group's performance and underlying value, and the share repurchase would create capital management benefits to the shareholders.

Looking ahead to the second half of this financial year, the global demand of display products is expected to be weak and the competition in the industry will become keener and more intensified. This will inevitably have pressure upon the Group's profitability. Leveraging on our strong foothold in the industry, we will continue to stay alert and act proactively to the fast changing environment.

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

**Fang Hung, Kenneth**

*Chairman*

Hong Kong, 27th November, 2015

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

The Group recorded a consolidated turnover for the 6 months ended 30th September, 2015 of approximately HK\$513 million (2014: HK467 million), an increase of HK\$46 million or 10% as compared with the corresponding period of last year. Profit attributable to owners of the Company was HK\$73 million (2014: 64 million), representing an increase of approximately HK\$9 million.

External sales of the LCD decreased by HK\$20 million, from HK\$202 million to HK\$182 million. This was mainly due to the softening of the demand in the current period. Turnover of the LCM increased by HK\$63 million, from HK\$265 million to HK\$328 million. The increase in LCM turnover was largely attributable to the increase in the market share in the industrial segment and the TFT modules. In line with the change in turnover, the LCD segment recorded a decrease in segment profit of HK\$9 million from HK\$26 million for the last year to HK\$17 million this year, and the LCM segment recorded an increase in segment profit of HK\$19 million from HK\$14 million for the last year to HK\$33 million this year. The LCD-related products segment was related to CTP, which recorded a segment loss of HK\$10 million (2014: HK\$9 million loss). The CTP market was lacklustre and the CTP business is not expected to provide significant contribution to the Group this year.

The Group recorded a gross profit of approximately HK\$80 million (2014: 65 million) and a gross profit margin of 16% (2014: 14%) for the period under review. The reasons for the increase in gross profit margin were three folded; (1) higher labour productivity due to relatively more stable supply of workers and lower wage level in Guangxi (where the Group's new production facilities are located) than in Guangdong province; (2) higher production yield as a result of production automation; and (3) higher sales margin in LCM products this year.

During the period, other income amounted to approximately HK\$5 million (2014: HK\$9 million). The other income mainly comprised tooling income and scrap sales.

Net gain from other gains and losses for current year was mainly attributable to exchange gain.

Selling and distribution expenses amounted to approximately HK\$34 million (2014: HK\$32 million) and maintained at 7% of turnover (2014: 7%). The increase in the absolute amount was mainly due to the promotional expenses.

Administrative expenses amounted to HK\$13 million (2014: HK\$12 million) and maintained at about 3% of sales. (2014: 3%). The increase was mainly due to the staff-related costs.

## **Investments in Associates**

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

Nantong Jianghai is a 37.5% owned associate of the Group. It 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\$36 million (2014: HK\$43 million), which was lower than that in last year. The reasons for the decrease in profit were three-folded: (1) keen competition due to the over-supply of aluminium electrolytic capacitors in 2015 which inevitably affected profit margin; (2) increase in operating costs mainly due to the initial set up costs and research and development expenditure incurred for the two newly developed products, namely the thin film capacitors and super capacitors; and (3) non-recurrence of the one-off gain from disposing 60% interest of a wholly owned subsidiary principally engaged in the manufacture and sales of top decks to a third party in last year.

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

Kunshan Visionox, a 43.9% owned 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. With the improvement in Kunshan Visionox’s performance, the Group decided to reverse partly the impairment loss previously recognised and resumed sharing the profit from Kunshan Visionox in the second half of the year ended 31st March 2015. Kunshan Visionox continued to perform well in the current period due to stronger sales and higher productivity. The share of profit from Kunshan Visionox amounted to approximately HK\$11 million in current period (2014: nil). The Group will continue to monitor the development of Kunshan Visionox to consider whether the remaining impairment loss could partly or fully be reversed.

## **PROSPECTS**

Looking forward, the profitability of the display business would be under pressure due to the sluggish demand and mounting labour costs. The Group will strive to capture more market share in the high-value segments like TFT modules and LCM for industrial-use products. Cost control measures and automation plans will be scaled up to mitigate the margin-squeeze situation.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th September, 2015, the Group's current ratio was 1.2 (31st March, 2015: 1.2). The gearing ratio, as a ratio of bank borrowings to net worth, was 1.0% (31st March, 2015: 1.1%).

As at 30th September, 2015, the Group had total assets of approximately HK\$1,573 million, which were financed by liabilities of HK\$360 million and total equity of HK\$1,213 million.

As at 30th September, 2015, the Group's banking facilities amounted to approximately HK\$175 million (31st March, 2015: HK\$148 million) of which approximately HK\$19 million (31st March, 2015: HK\$19 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**

As at 30th September, 2015, the Group did not have any significant contingent liabilities and there were no significant charges or pledges on any of the Group's assets (2014: nil).

## **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 encourage 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, 2015.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 30th September, 2015, 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

	Personal interests	Number of shares and nature of interests Through controlled corporations	Total	Percentage of Company's issued capital
Mr Fang Hung, Kenneth (Note (i))	20,130,000	610,000,000	630,130,000	62.85%
Mr Li Kwok Wai, Frankie (Note (i))	64,148,381	610,000,000	674,148,381	67.24%
Mr Leung Tze Kuen (Note (ii))	840,000	–	840,000	0.08%

### Short position in the share of the Company

	Number of shares held through controlled corporations	Percentage of Company's issued capital
Mr Fang Hung, Kenneth (Note (i))	40,000,000	3.99%
Mr Li Kwok Wai, Frankie (Note (i))	40,000,000	3.99%

Notes:

- (i) Antrix Investment Limited owns 610,000,000 shares of the Company and has granted call options to grantees to subscribe for an aggregate of 40,000,000 of such shares. Mr Fang Hung, Kenneth and Mr Li Kwok Wai, Frankie beneficially owns 58.30% and 41.70%, respectively, of the issued share capital of Antrix Investment Limited.
- (ii) The 840,000 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, 2015, 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, 2015, the following interests and short position of 5% or more in the shares and underlying shares of the Company were recorded in register maintained by the Company pursuant to Section 336 of the SFO.

### Long position in the shares of the Company

	Capacity and nature of interest	Number of shares held	% of the Company's issued share capital
Antrix Investment Limited (Note)	Directly beneficially owned	610,000,000	60.85%
Esca Investment Limited (Note)	Indirectly beneficially owned	610,000,000	60.85%
Megastar Venture Limited (Note)	Indirectly beneficially owned	610,000,000	60.85%

### Short position in the shares of the Company

	Capacity and nature of interest	Number of shares held	% of the Company's issued share capital
Antrix Investment Limited (Note)	Directly beneficially owned	40,000,000	3.99%
Esca Investment Limited (Note)	Indirectly beneficially owned	40,000,000	3.99%
Megastar Venture Limited (Note)	Indirectly beneficially owned	40,000,000	3.99%

Note: Antrix Investment Limited is held as to 58.30% by Esca Investment Limited (a company wholly-owned by Mr Fang Hung, Kenneth) and 41.70% 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, 2015, 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, 2015.

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

During the period, the Company repurchased a total of 8,608,000 ordinary shares in the capital of the Company on the Stock Exchange in the range from HK\$1.05 to HK\$1.45 per share for a total consideration of HK\$10,722,000. The said shares were subsequently cancelled.

The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets value and/or earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## **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, 2015.

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## **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 10 to 24, which comprise the condensed consolidated statement of financial position as of 30th September, 2015 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

27th November, 2015

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2015

		Six months ended	
		30.9.2015	30.9.2014
		HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)
Revenue	3	<b>513,416</b>	466,627
Cost of sales		<b>(433,752)</b>	(401,838)
Gross profit		<b>79,664</b>	64,789
Other income		<b>5,467</b>	8,599
Interest income		<b>195</b>	233
Other gains and losses	4	<b>1,052</b>	(538)
Selling and distribution expenses		<b>(34,202)</b>	(31,849)
Administrative expenses		<b>(13,076)</b>	(11,927)
Finance costs		<b>(223)</b>	(283)
Share of results of associates		<b>47,721</b>	42,941
Share of results of a joint venture		<b>127</b>	80
Profit before income tax		<b>86,725</b>	72,045
Income tax expense	5	<b>(11,069)</b>	(7,861)
Profit for the period	6	<b>75,656</b>	64,184
Other comprehensive (expense) income:			
An item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(23,011)</b>	8,285
Total comprehensive income for the period		<b>52,645</b>	72,469
Profit for the period attributable to:			
Owners of the Company		<b>73,087</b>	63,614
Non-controlling interests		<b>2,569</b>	570
		<b>75,656</b>	64,184
Total comprehensive income attributable to:			
Owners of the Company		<b>51,225</b>	71,537
Non-controlling interests		<b>1,420</b>	932
		<b>52,645</b>	72,469
Earnings per share			
Basic – HK cents	8	<b>7.25</b>	6.29

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH SEPTEMBER, 2015

	Notes	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>255,758</b>	258,338
Prepayment for acquisition of property, plant and equipment		<b>22,389</b>	16,762
Interests in associates		<b>891,776</b>	882,198
Interest in a joint venture		–	721
Available-for-sale investments		<b>2,739</b>	2,739
Intangible assets		<b>1,459</b>	1,459
		<b>1,174,121</b>	1,162,217
<b>Current assets</b>			
Inventories		<b>125,985</b>	115,814
Trade and other receivables	10	<b>188,306</b>	176,065
Bills receivables	10	<b>25,067</b>	20,218
Amounts due from associates	11	<b>60</b>	94
Tax recoverable		–	2,399
Bank balances and cash		<b>59,946</b>	41,756
		<b>399,364</b>	356,346
<b>Current liabilities</b>			
Trade and other payables	12	<b>257,195</b>	245,790
Bills payables	12	<b>3,567</b>	3,789
Dividend payable		<b>40,102</b>	–
Bank borrowings		<b>11,914</b>	8,483
Bank overdraft		–	4,956
Tax payable		<b>28,775</b>	24,146
		<b>341,553</b>	287,164
<b>Net current assets</b>		<b>57,811</b>	69,182
<b>Total assets less current liabilities</b>		<b>1,231,932</b>	1,231,399

		<b>30.9.2015</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2015 HK\$'000 (audited)
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>19,395</b>	17,221
		<b>1,212,537</b>	1,214,178
<b>Capital and reserves</b>			
Share capital	13	<b>200,509</b>	202,231
Reserves		<b>990,142</b>	991,481
<b>Equity attributable to owners of the Company</b>		<b>1,190,651</b>	1,193,712
<b>Non-controlling interests</b>		<b>21,886</b>	20,466
<b>Total equity</b>		<b>1,212,537</b>	1,214,178

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2015

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for award scheme	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	Capital reserve (Note) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
Shares purchased for share award scheme	-	-	-	-	-	-	(4,680)	-	(4,680)	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme	-	-	-	-	-	1,102	-	-	1,102	-	1,102
Shares vested under share award scheme	-	-	-	-	-	(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
At 1st April, 2015 (audited)	202,231	126,763	2,125	7,829	89,064	959	(12,174)	776,915	1,193,712	20,466	1,214,178
Profit for the period	-	-	-	-	-	-	-	73,087	73,087	2,569	75,656
Other comprehensive income for the period											
Exchange differences arising on translation of foreign operations	-	-	-	-	(21,862)	-	-	-	(21,862)	(1,149)	(23,011)
Total comprehensive income for the period	-	-	-	-	(21,862)	-	-	73,087	51,225	1,420	52,645

**Attributable to owners of the Company**

	Share capital	Share premium	Capital reserve <small>(Note)</small>	Capital redemption reserve	Translation reserve	Share award reserve	Shares 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
Repurchase of ordinary shares	(1,722)	(10,722)	-	1,722	-	-	-	-	(10,722)	-	(10,722)
Shares purchased for share award scheme	-	-	-	-	-	-	(4,680)	-	(4,680)	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme	-	-	-	-	-	1,218	-	-	1,218	-	1,218
Shares vested under share award scheme	-	-	-	-	-	(685)	685	-	-	-	-
Dividend – declared (Note 7)	-	-	-	-	-	-	-	(40,102)	(40,102)	-	(40,102)
At 30th September, 2015 (unaudited)	200,509	116,041	2,125	9,551	67,202	1,492	(16,169)	809,900	1,190,651	21,886	1,212,537

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, 2015

	Notes	Six months ended	
		30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
<b>Net cash from operating activities</b>		<b>34,329</b>	33,394
<b>Investing activities</b>			
Purchase of property, plant and equipment		(10,977)	(33,543)
Prepayment for acquisition of property, plant and equipment		(8,037)	(10,090)
Dividend received from the listed associate, net of withholding tax		14,829	13,803
Net cash inflow on acquisition of subsidiary	14	320	–
Dividend received from available-for-sale investments		272	219
Interest income		195	233
Proceeds on disposal of property, plant and equipment		128	235
<b>Net cash used in investing activities</b>		<b>(3,270)</b>	(29,143)
<b>Financing activities</b>			
Payment for repurchase of ordinary shares		(10,722)	–
Repayment of bank borrowings		(8,483)	(25,430)
Interest paid		(223)	(283)
Proceeds from bank borrowings		11,914	–
Repayment from associates		34	39
<b>Net cash used in financing activities</b>		<b>(7,480)</b>	(25,674)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>23,579</b>	(21,423)
<b>Effect of change in exchange rates</b>		<b>(433)</b>	(943)
<b>Cash and cash equivalents at beginning of the period</b>		<b>36,800</b>	65,145
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>		<b>59,946</b>	42,779

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2015

## 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 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, 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2015.

In the current interim period, the Group has applied, for the first time, the following new 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 HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

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.

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, 2015

	LCDs	LCMs	LCD- related optical products	LCD- related products	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue							
External sales	182,252	328,016	-	3,148	513,416	-	513,416
Inter-segment sales	75,704	-	-	1,647	77,351	(77,351)	-
Total	257,956	328,016	-	4,795	590,767	(77,351)	513,416
Segment profit (loss)	17,008	33,080	(150)	(10,342)			39,596
Interest income							195
Dividend income							272
Unallocated administrative costs							(1,099)
Finance costs							(223)
Share of results of associates							47,721
Share of results of a joint venture							127
Gain on bargain purchase							136
Profit before income tax							86,725

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

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
Inter-segment sales	69,991	-	-	-	69,991	(69,991)	-
<b>Total</b>	<b>271,701</b>	<b>264,552</b>	<b>-</b>	<b>365</b>	<b>536,618</b>	<b>(69,991)</b>	<b>466,627</b>
<b>Segment profit (loss)</b>	<b>25,937</b>	<b>14,104</b>	<b>(269)</b>	<b>(8,732)</b>			<b>31,040</b>
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
<b>Profit before income tax</b>							<b>72,045</b>

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, unallocated administrative costs, finance costs, gain on bargain purchase, 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	
	30.9.2015	30.9.2014
	HK\$'000	HK\$'000
Gain (loss) on disposal of property, plant and equipment	93	(79)
Net exchange gain (loss)	823	(459)
Gain on bargain purchase	136	–
	<hr/>	<hr/>
	1,052	(538)

#### 5. INCOME TAX EXPENSE

	Six months ended	
	30.9.2015	30.9.2014
	HK\$'000	HK\$'000
The tax charge comprises:		
Current tax		
Hong Kong	7,911	4,110
Other jurisdictions	984	2,332
	<hr/>	<hr/>
	8,895	6,442
Deferred taxation		
Current period	2,174	1,419
	<hr/>	<hr/>
	11,069	7,861

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 deferred tax liabilities for the Group's share of distributable profits earned by its PRC associates 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.

## 6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended	
	30.9.2015	30.9.2014
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	19,539	15,595
Share of tax of associates (included in share of results of associates)	4,867	7,977
Allowances for doubtful debts	4,205	3,758
Allowances for obsolete inventories (included in cost of sales)	4,674	2,389
Research cost recognised as an expense	150	341

## 7. DIVIDEND

	Six months ended	
	30.9.2015	30.9.2014
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31st March, 2015 of HK4 cents per share (2014: Final dividend in respect of the year ended 31st March, 2014 of HK3 cents per share)	40,102	30,335

## 8. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2015	30.9.2014
Earnings attributable to the owners of the Company for the purpose of basic earnings per share (HK\$'000)	73,087	63,614
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,008,279,433	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\$16,995,000 (six-month period ended 30th September, 2014: HK\$37,148,000) on the additions to the property, plant and equipment, which were mainly for the plant and machinery for the production of LCD and LCM products.

## 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:

	<b>30.9.2015</b> <i>HK\$'000</i>	31.3.2015 <i>HK\$'000</i>
1 – 30 days	<b>82,014</b>	68,428
31 – 60 days	<b>52,391</b>	32,903
61 – 90 days	<b>24,871</b>	21,808
91 – 120 days	<b>7,379</b>	15,963
	<b>166,655</b>	139,102

All the Group's bills receivables as at 30th September, 2015 and 31st March, 2015 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:

	<b>30.9.2015</b> <i>HK\$'000</i>	31.3.2015 <i>HK\$'000</i>
Up to 30 days	<b>40,569</b>	35,059
31 – 60 days	<b>30,375</b>	18,977
61 – 90 days	<b>35,546</b>	28,600
91 – 120 days	<b>28,235</b>	21,621
Over 120 days	<b>20,978</b>	14,749
	<b>155,703</b>	119,006

All the Group's bills payables as at 30th September, 2015 and 31st March, 2015 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, 2014, 30th September, 2014 and 31st March, 2015	1,011,155,171	202,231
Repurchase of shares	(8,608,000)	(1,722)
	<hr/>	<hr/>
At 30th September, 2015	1,002,547,171	200,509
	<hr/>	<hr/>

During the period, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares at HK\$0.20 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
July 2015	6,398,000	1.35	1.05	7,692
August 2015	<u>2,210,000</u>	1.45	1.31	<u>3,030</u>
	<u>8,608,000</u>			<u>10,722</u>

The above shares were cancelled upon repurchase. None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's shares during the period.

#### 14. ACQUISITION OF A SUBSIDIARY

In August 2015, the Group acquired an additional 50% equity interest of its joint venture, a private limited liability company incorporated in the PRC which is mainly engaged in trading of electronic components for a consideration of RMB250,000, equivalent to approximately HK\$312,000. The Group previously held 50% equity interest in the joint venture as at 31st March, 2015. After the acquisition was completed, the joint venture became a wholly owned subsidiary of the Group.

HK\$'000

##### Consideration transferred

Cash	312
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Assets acquired and liabilities recognised at the date of acquisition are as follows:

Property, plant and equipment	2
Trade and other receivables	7,808
Bank balances and cash	632
Trade and other payables	(7,533)

909

##### Bargain purchase on acquisition

Consideration transferred	312
Plus: 50% interest previously held	461
Less: net assets acquired	(909)

(136)

##### Cash inflow arising from an acquisition

Cash consideration paid	(312)
Less: bank balances and cash acquired	632

320

Included in the profit for the six months ended 30th September, 2015 is approximately HK\$276,000 attributable to the additional business generated by the newly acquired subsidiary. Group revenue for the six months ended 30th September, 2015 includes HK\$4,527,000 attributable to the newly acquired subsidiary.

Had the acquisition been completed on 1st April, 2015, total Group revenue for the six months ended 30th September, 2015 would have been approximately HK\$519,083,000, and profit for the six months ended 30th September, 2015 would have been approximately HK\$75,784,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st April, 2015, nor is it intended to be a projection of future results.

## 15. CAPITAL COMMITMENTS

	<b>30.9.2015</b> <b>HK\$'000</b>	31.3.2015 HK\$'000
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	<b>23,127</b>	16,975

## 16. RELATED PARTY TRANSACTIONS

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

### Compensation of key management personnel

Remuneration paid to the directors who represent the key management personnel of the Group are as follows:

	<b>Six months ended</b>	
	<b>30.9.2015</b> <b>HK\$'000</b>	30.9.2014 HK\$'000
Short-term benefits	<b>3,977</b>	3,817
Post-employment benefits	<b>133</b>	130
	<b>4,110</b>	3,947