YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

2015/16

ANNUAL REPORT

Yeebo (International Holdings) Limited
Annual Report 2015/16

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

non-executive director
* *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

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton, HM 12
Bermuda

BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 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

Bank of China (Hong Kong) Limited
23/F, Bank of China Centre
Olympian City
11 Hoi Fai Road
West Kowloon
Hong Kong

Citibank, N.A.
47th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Hong Kong

EXECUTIVE DIRECTORS

FANG Hung, Kenneth, GBS, JP, aged 77, 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 Holdings Limited and a director of a number of other private and listed companies in Hong Kong and People's Republic of China. Mr. Fang is the father of Mr. Fang Yan Tak, Douglas, a Non-executive Director of the Company. Mr. Fang joined the Company as a Director in August 1995.

LI Kwok Wai, Frankie, aged 58, is the Chief Executive Officer of the Group responsible for planning and developing corporate strategies, corporate policies setting and overall management of the Group. He is also a director of various subsidiaries of the Company. 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 53, is responsible for the planning and developing finance strategies, direct investment management and policy setting of the Group. He is also a director of various subsidiaries of the Company. 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.

NON-EXECUTIVE DIRECTOR

Fang Yan Tak, Douglas, aged 43, is currently a director at Fang Brothers Holdings Limited ("Fang Brothers") and its various affiliated companies. Prior to joining Fang Brothers, he worked at Donaldson, Lufkin & Jenrette, an investment bank in the United States of America. Mr. Fang received his Bachelor of Science degree from the Massachusetts Institute of Technology in 1995. Mr. Fang is the son of Mr. Fang Hung, Kenneth, the Chairman of the Group. Mr. Fang was appointed as a Non-executive Director in June 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Hon. TIEN Pei Chun, James, GBS, JP, aged 69, 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 private companies. He is a Legislative Councilor in Hong Kong and a general committee member of the Hong Kong General Chamber of Commerce. Mr. Tien joined the Company as an Independent Non-executive Director in June 1997.

CHU Chi Wai, Allan, aged 64, has over 44 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 61, 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 57, 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 59, is the President responsible for the overall LCD and LCM business operation. Mr. Han's experience has predominantly been gained in LCD manufacturing and business operations and has capitalized his experience therefrom to carry out the Group's business expansion plan. Mr. Han joined the Group in 1990.

JIA Xiu Juan, aged 53, is the Vice President responsible for the financial management of LCD and LCM business. Ms. Jia has extensive experience in accounting and taxation. She graduated from Guangdong Academy of Social Sciences in PRC with a postgraduate diploma. Ms. Jia joined the Group in 1999.

WAN Wai Tak, aged 64, 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 37 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.

HUANG Wen Huei, aged 41, is the Senior Manager and General Manager of the branch office in Taiwan. Mr. Huang is responsible for the sales and marketing in Japan, Taiwan, Northern and Eastern China markets, and the product and market development of TFT. 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 14 years' experience in customer service and market operations of LCD and LCM products. Mr. Huang joined the Group in 2004.

TSUI Siu Keung, aged 42, is the Senior Manager 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 16 years' experience in customer service management, sales and marketing. Mr. Tsui joined the Group in 2000.

HSIAO Hung Shih, aged 54, is the Senior Manager responsible for the manufacturing operations, purchases and the production and material control of LCM factory, and production of LCD factory. Mr. Hsiao has over 18 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.

HSIEH Wen Shu, aged 44, 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 19 years' relevant experience and joined the Group in 2005.

Yang Zhao Hui, aged 44, is the Senior Manager responsible for the management of the factory's power system, production equipment, CTP and the Indium Tin Oxide ("ITO") glass production. He has extensive experience in LCD, ITO glass and CTP manufacturing, maintenance and management of automation equipment, process management of magnetic control spluttering coating and project management. He joined the Group in 2004.

HO Chun Tang, Jonathan, aged 38, is the Senior Manager 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.

LIU Xiu Zhen, aged 48, is the Senior Manager responsible for the information technology, human resources and administration, customer service of the LCD and LCM factories. Ms. Liu has broad experience in systematization of factory management, and holds the Certified Human Resources Professional, Grade 1. 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.

YANG Ying Jun, aged 49, is the Senior Manager and 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 both the Chinese Institute of Certified Public Accountants and the China Certified Tax Agents Association. He is an affiliate of the Association of Chartered Certified Accountants. He joined the Group in 2005.

Wu Hong Jin, aged 47, is the Senior Manager responsible for the factory management in Guangxi province. Mr. Wu has 25 years experience in LCD industry. He graduated from South China Normal University and joined the Group in 2013.

LIN Hsu Hung, aged 53, is the Senior Manager responsible for the sales and marketing of the LCD and LCM of branch office in Taiwan. He has over 29 years' experience in LCD industry. Mr. Lin joined the Group in 2002.

LIN Tsui Ping, aged 51, is the Senior Manager 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 24 years' experience in the development and production of LCD products. Ms. Lin joined the Group in 2003.

Xiong Liang Bin, aged 42, is the Senior Manager responsible for Eastern China market and certain overseas markets. Mr. Xiong graduated from Nanjing Institute of technology. Mr. Xiong has 19 years experience in LCD and LCM manufacturing, quality control and marketing. Mr. Xiong has strong technical knowledge in TN, STN, LCM, and TFT. Mr. Xiong joined the Group in 1996.

HSIEH Chi Liang, aged 42, is the Senior Manager responsible for market and product development of CTP products. Mr. Hsieh has more than 19 years experience in LCD/LCM/CTP module industry. He graduated in Power Mechanical Engineering from National Yunlin Polytechnic Institute in Taiwan and joined the Group in 2006.

Xie Wen Zhen, aged 44, is the Senior Manager responsible for the material control of he LCD and LCM, and the purchases of LCD and CTP. Ms. Xie graduated from Shanxi University of Science & Technology with a Bachelor's Degree in Engineering. Ms. Xie joined in the Group in 2001.

LIM Bee Lay, aged 67, 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 32 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 results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st March 2016.

For the year under review, the Group recorded a slight drop in consolidated turnover from HK$919 million to HK$911 million and the profit attributable to owners of the Company dropped by HK$8 million to HK$201 million.

For the display business, over-supply situation prevailed in the monochrome liquid crystal display market in the backdrop of a slow global economy recovery. Though the shortage of workers in the Guangdong Province has relaxed slightly as compared to the previous year, the wage level continued to rise in the People's Republic of China ("PRC"). To combat the unfavourable economic conditions, the Group had adopted the following marketing and operating strategies:

(1). We targeted on industrial type customers which are less vulnerable to economic cycle.

(2). We actively promote the Thin Film Transistor Liquid Crystal Display ("TFT") module business to meet the increasing demand for colour displays, which provide both a vertical and horizontal growth in our customer portfolio. The TFT segment also contributes higher sales value and margin to the Group.

(3). We diversified our production base from Jiangmen in Guangdong Province to Yulin in Guangxi Province which provides an abundant supply of workers with relatively lower wage level. This has equipped the Group with a stable work force at manageable labour costs.

(4). We introduced a series of manufacturing automation programs to improve the production yield and relieve our dependence on manual operations. This has been a critical move to bolster the Group's competitiveness in the market.

CHAIRMAN'S STATEMENT

In 2014, the Group entered the capacitive touch panel ("CTP") industry with a view to expand our product range. However, there has been an over-supply in the CTP market since then which led to severe price competition. Under such market condition, the CTP business segment is not expected to be making significant contribution to the Group in the foreseeable future.

The Group's share of profits from Nantong Jianghai Capacitor Company Limited ("Nantong Jianghai"), a 37.5% owned associated company, decreased by 17% to HK$58 million. The fall in market demand in capacitors has affected the turnover of Nantong Jianghai. Moreover, its profitability has been affected by the intensified price competition and the start-up costs of the two newly developing products – thin film capacitors and the super capacitors. Leveraging on its strong foothold in the aluminium electrolytic capacitor industry, Nantong Jianghai branched out into the thin film capacitor and super capacitor market, which would be the two propelling pillars for the business growth in the future. This will also strengthen its leading position in the PRC capacitors market. To finance the expansion, Nantong Jianghai is in the process of raising of RMB1,200 million new capital through the non-public offering of new shares to investors, which has been approved by the Issuance Appraisal Committee of the China Securities Regulatory Commission in March 2016.

In the year under review, the performance of Kunshan Visionox Display Co. Ltd. ("Kunshan Visionox") was more than satisfactory. Thanks to its marketing effort and strong technological competency, Kunshan Visionox has become the leading passive mode Organic Light Emitting Diode ("OLED") producer in PRC. As the demand for OLED has been increasing in recent years, Kunshan Visionox's products have been applied and adopted widely in the electronics market. After a thorough assessment of the financial position and prospect of Kunshan Visionox, the Group has decided to reverse the remaining balance of HK$95 million of the impairment loss recognized in previous years during the year under review. The Group's share of profit in Kunshan Visionox (including reversal of impairment loss) was 132 million, up by 7 million as compared to the previous year. On the other hand, Kunshan Visionox has resolved to repay part of its capital to its shareholders. During the year under review, the Group has received an amount of HK$53 million in respect of such capital reduction and a second instalment is expected to be received in the near future.

During the year under review, the Company repurchased a total of 11,514,000 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 benefits to the shareholders.

Looking ahead, the display industry will remain to be very competitive and profit margin will be under pressure. With the adopted marketing and operating strategies mentioned above, we believe we can sustain our competitive advantage in the market. We are also committed to be a one-stop displays supplier in the market. On the other hand, Kunshan Visionox will continue to provide positive contribution to our group.

The board of Directors has resolved to declare a final dividend of HK$0.05, and a special dividend of HK$0.05 (totaling HK$0.10) per ordinary share. The special dividend is proposed in view of the amount received and to be received by the Group from Kunshan Visionox out of its capital reduction.

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

Fang Hung, Kenneth
Chairman

Hong Kong, 29th June, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Group recorded a consolidated turnover for the year ended 31st March, 2016 of approximately HK$911 million (2015: HK$919 million), a slight decrease of HK$8 million or 1% as compared with last year. Profit attributable to owners of the Company was HK$201 million (2015: 209 million), representing a decrease of approximately HK$8 million.

External sales of the Liquid Crystal Displays ("LCD") for the year under review amounted to HK$324 million. It was down by 13% when compared to HK$374 million for the previous year, mainly due to fall in demand. Turnover of the Liquid Crystal Display Modules ("LCM") increased by HK$34 million, from HK$543 million to HK$577 million. The increase in LCM turnover was largely attributable to the increase in the sales of the Thin Film Transistor ("TFT") modules. In the segment results, the LCD segment recorded a decrease in segment profit of HK$16 million from HK$42 million for the previous year to HK$26 million for the year under review because of the drop in turnover and the keen price competition. The LCM segment recorded an increase in segment profit of HK$13 million from HK$34 million to HK$47 million which was mainly attributable to strong growth in TFT sales. The LCD-related products segment was related to Capacitive Touch Panel ("CTP"), which recorded a segment loss of HK$18 million (2015: HK$16 million). The CTP market has been prevailed by intensified price competition in recent years and our sales build-up period is longer than expected. Although the CTP sales is gaining momentum, the CTP segment is not expected to provide significant contribution to the Group in the near future.

The Group recorded a gross profit of approximately HK$123 million (2015: 119 million) and a gross profit margin of 13.5% (2015: 13%) for the year under review. While the current year's gross profit margin was about the same as last year, it was under pressure for three main reasons: (1) the demand for monochrome displays fell in the second half of the year, which affected the selling price and the production capacity utilization; (2) continuous rising in wages in the People's Republic of China ("PRC"); and (3) under utilization in the CTP manufacturing plant.

During the year, other income amounted to approximately HK$10 million (2015: HK$11 million). The other income mainly composed tooling income and scrap sales.

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

Selling and distribution expenses amounted to approximately HK$59 million (2015: HK$52 million) and were maintained at 6% of turnover (2015: 6%). The increase was mainly due to the increase in promotional expenses and staff costs.

Administrative expenses amounted to HK$23 million (2015: HK$22 million) and maintained at about 2.5% of sales (2015: 2.4%).

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$58 million (2015: HK$70 million), which dropped by HK$12 million as compared to last year.

The market demand for aluminium electrolytic capacitors was soft and affected the profit in the year under review. The operating costs were up mainly due to the initial costs incurred for developing two products, namely the thin film capacitors and super capacitors. Commercial production of thin film capacitors has commenced and the related production capacity has been expanded during the year. For super capacitor, product development was well underway. The fall in profitability was also due to the non-recurrence of the one-off gain from disposing a 60% interest of a then wholly-owned subsidiary principally engaged in the manufacture and sales of top decks to a third party in last year.

The aluminium electrolytic capacitor market has shown signs of recovery and the profit attributable to the owners of Nantong Jianghai increased by approximately 9% in the first quarter of 2016 as compared with the same period last year.

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

Kunshan Visionox, an associate of the Company, is a manufacturer of Organic Light Emitting Diode ("OLED") products. The Group's share of results of Kunshan Visionox in the current year comprised a share of profit of HK$37 million (2015: HK$9 million) and a reversal of impairment loss previously recognized of HK$95 million (2015: HK$116 million). Kunshan Visionox's performance exhibited impressive improvement in current year due to a remarkable sales growth with a well-diversified range of application segments in the passive mode OLED market. The market segment coverage included medical, electronic toll collection, financial electronic devices and wearables. After a thorough assessment, the Group decided to reverse the remaining balance of the impairment loss previously recognised.

Pursuant to the relevant approval obtained for the capital reduction of Kunshan Visionox, capital return of HK$53 million was received by the Group from Kunshan Visionox during the year ended 31st March, 2016, and a second and final sum is expected to be received in the near future.

INCOME TAX

Effective tax rate (income tax expense as a percentage of profit before income tax excluding share of results of associates and reversal of impairment loss) for the year under review was 38.1% (2015: 33.8%). If the withholding tax on undistributed profits in associates of HK$5,848,000 (2015: HK$4,404,000) was excluded, the effective tax rate in relation to the Group's core business would be 27.2% (2015: 25.7%). The increase is mainly due to the increase in loss incurred in the CTP segment in which no tax loss benefit has been recognized.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of factors affecting the results and business operations of the Group. The most significant risk is the uncertainty in the economic environment, both globally and in the PRC, especially after Britain's decision to leave the European Union. Intense competition in the displays' market will also affect the profitability of the Group. Moreover, the shortage of labour and increase in wage rates may also have an impact on the cost structure of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group takes corporate social responsibility to heart, and environmental sustainability is one of its top priorities. The Group has put in place a systematic approach towards integrating green and sustainable practices in its operations, implementing measures in the areas of environmentally-friendly product design, carbon emission reduction, process management, energy and resource management and supply chain management to minimize the negative impact of the Group's operations on the environment. Environmental protection facilities in the Group's manufacturing plants have been upgraded, enhancing the processing and management capacity of wastewater, gas emissions, general waste and recycled materials.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's operations are mainly carried out in Mainland China and Hong Kong, and the Company was incorporated in Bermuda and its shares listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year under review, the Group has complied with all the laws and regulations in the above-mentioned jurisdictions.

RELATIONSHIP WITH KEY STAKEHOLDERS

(i) Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. It is the objective of the Group to continue to be an attractive employer for committed employees. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. In addition, the Group offers competitive remuneration packages to the employees. The Group has also adopted a share award scheme to recognise and reward the contribution of the employees to the growth and development of the Group.

(ii) The Group has developed long-standing relationships with a number of suppliers and take great care to ensure that they share the Group's commitment to quality and ethics. The Group also carefully selects its suppliers of manufacturing and require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

(iii) The Group is committed to offer a broad and diverse range of value-for-money, good-quality products to its customers.

PROSPECTS

Looking ahead, the economic environment of the core display business remains very challenging. To equip with high product quality to meet the market demand, we have decided to install a new LCD production line to expand the production capacity and upgrade the product quality. Coupled with a well-diversified customer bases, the Group has the competitive edge to gain more market share in the industrial segment and the TFT market segment. The gross profit margin will still be under pressure; therefore, cost control measures and production automation plans will continue to be implemented. On the other hand, leveraging on its leading position in the passive mode OLED market, Kunshan Visionox would be expected to deliver promising results. Overall, the Group adopted a cautious view on the profit outlook in the coming year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2016, 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 1.9% (31st March, 2015: 1.1%).

As at 31st March 2016, the Group had total assets of approximately HK$1,642 million, which were financed by liabilities of HK$298 million and total equity of HK$1,344 million.

As at 31st March 2016, the Group's banking facilities amounted to approximately HK$195 million (31st March, 2015: HK$148 million) of which approximately HK$29 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 31st March, 2016, the Group pledged bank deposits of approximately HK$46 million (2015: Nil) with a financial institution for a banking facility granted to the senior management of Kunshan Visionox to finance their acquisition of shares in a subsidiary of Kunshan Visionox. Other than the above, the Group did not have any significant contingent liabilities and there were no significant charges of pledges on any of the Group's assets.

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.

MAJOR CUSTOMERS AND SUPPLIERS

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

	2016	2015
Percentage of purchases from the Group's largest supplier	**5%**	6%
Percentage of purchases from the Group's five largest suppliers	**20%**	22%
Percentage of turnover to the Group's largest customer	**7%**	8%
Percentage of turnover to the Group's five largest customers	**19%**	20%

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, 2016, to the best knowledge of the Directors, none of the Directors or any shareholders holding more than 5% of the Group's share capital and their respective associates 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 HK5 cents (2015: HK4 cents) and a special dividend of HK5 cents (2015: Nil) per share for the year ended 31st March, 2016 subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting. The final dividend and special dividend will be paid on or about Friday, 7th October, 2016 to Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 20th September, 2016.

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, 2016, 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, 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 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.

Under Code provisions A.6.7 and E.1.2, independent non-executive directors and chairmen of board committees should attend annual general meetings. Due to pre-arranged commitments, The Hon. Tien Pei Chun, James, independent non-executive director and chairman of the nomination committee, was not able to attend the Company's annual general meeting held on 4th September, 2015. However, Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, the other independent non-executive directors and members of the nomination committee, were both present at the said annual general meeting to ensure effective communication with 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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its own code ("Securities Dealing Code") to regulate the securities dealings by all the Directors and relevant employees of the Group.

The Company made specific enquiry of all the Directors who confirmed that they complied with the Securities Dealing Code during the year.

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

Non-executive Director

Mr. Fang Yan Tak, Douglas

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 is the father of Mr. Fang Yan Tak, Douglas. 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.

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

Name of Directors	Number of Meetings Attended
Mr. Fang Hung, Kenneth	4/4
Mr. Li Kwok Wai, Frankie	4/4
Mr. Leung Tze Kuen	4/4
Mr. Fang Yan Tak, Douglas	4/4
The Hon. Tien Pei Chun, James	3/4
Mr. Chu Chi Wai, Allan	4/4
Mr. Lau Yuen Sun, Adrian	4/4

Apart from the regular Board meetings, the Chairman also held a meeting with the Non-executive Director and all the Independent Non-executive Directors during the year.

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 also 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.

Every newly appointed Director will receive formal, comprehensive and tailored induction on appointment to ensure appropriate understanding of the business and governance policies and operations of the Group and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. This understanding is deepened and continued by the Directors' participation in Board meetings and their work on various committees.

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. Relevant reading materials are also provided to the 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. All Directors have provided the Company with their respective training records pursuant to the Code.

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, 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 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 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.

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 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, 2016.

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

1. To review the size, structure and composition (including the skill, knowledge and experience) 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.

4. To make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for 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.

The Remuneration Committee shall meet at least once a year. Two meetings were held during the year. The attendance of each member is set out as follows:

Name of Directors	Number of Meetings Attended
Mr. Lau Yuen Sun, Adrian	2/2
Mr. Chu Chi Wai, Allan	2/2
Mr. Li Kwok Wai, Frankie	2/2

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 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.

Except for one of the senior management members of the Company whose remuneration for the year ended 31st March, 2016 were between HK$1,000,000 to HK$1,500,000, the remuneration of all other members of the senior management of the Company for the year ended 31st March, 2016 were all below HK$1,000,000.

Audit Committee

The Audit Committee of the Company comprises all three Independent Non-executive Directors, and Mr. Fang Yan Tak, Douglas, Non-executive Director. 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:

Name of Directors	Number of Meetings Attended
Mr. Lau Yuen Sun, Adrian	2/2
Mr. Chu Chi Wai, Allan	2/2
The Hon. Tien Pei Chun, James	2/2
Mr. Fang Yan Tak, Douglas	1/2

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

(i) reviewed the financial reports for the year ended 31st March, 2015 and for the six months ended 30th September, 2015;

(ii) reviewed the effectiveness of the systems of internal control and risk management;

(iii) reviewed the external auditors' statutory audit plan and engagement letter;

(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, 2016.

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:

Services rendered	Fees paid and payable *HK$*
Audit services	2,420,000
Non audit services	561,000
	2,981,000

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for maintaining an adequate internal control and risk management system to safeguard shareholders' investments and the Group's assets, and reviewing the effectiveness of this annually through the audit committee. The audit committee reports to the Board on any material issues and makes recommendations to the Board.

Procedures have been put in place to safeguard the Group's assets against unauthorised use or disposal, to ensure proper accounting records are kept so that reliable financial information can be provided when required, and to ensure compliance with all applicable laws and regulations. These procedures have been based on industry norms and are designed to provide reasonable assurance and protection against errors, losses and fraud.

The Company together with its two associated companies have established a joint internal audit department whose job is to conduct regular internal audits of the Group and the two associated companies. These are risk-based audits designed to review the effectiveness of the companies' material internal controls so as to provide assurance that key business and operational risks are identified and managed, and to ensure that the internal control measures are carried out appropriately and are functioning as intended. The internal audit department reports its findings to the Board and makes recommendations to improve the internal control of the Group.

The importance of internal controls and risk management is communicated to staff members in order to foster an environment in which internal controls are understood and respected within the Group. The Company also has a formal written whistle-blowing policy to enable staff members to communicate their concerns about any aspect of internal operations.

During the year the Board has reviewed the effectiveness of the systems of internal control and risk management of the Group. The Board is of the view that the system of internal controls and risk management 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.

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, 2016, 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. The statement of the external auditor about its reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report on pages 29 to 30 of this Annual Report.

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. Except for The Hon Tien Pei Chun, James who was not able to attend due to pre-arranged commitments, all other Directors attended the Company's 2015 annual general meeting and were available to answer shareholders' questions.

At the Company's 2015 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, 2016, 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). 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.

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 contacts, is Mr. Leung Tze Kuen, Executive Director.

During the year ended 31st March, 2016, Mr Lau has taken no less than 15 hours of relevant professional training to update his skills and knowledge.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 40 and 17, respectively, to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business and the analysis of the Group's performance for the year ended 31st March, 2016 as well as outlook/prospects of the Group's business are provided in the sections "Chairman's Statement" on pages 6 and 7 and "Management Discussion and Analysis" on pages 8 to 12 of this Annual Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 31.

The directors now recommend the payment of a final dividend of HK5 cents and a special dividend of HK5 cents per ordinary share to the shareholders on the register of members on Tuesday, 20th September, 2016, amounting to approximately HK$99,964,000, and the retention of the remaining profit. The proposed final dividend and special dividend have to be approved in the forthcoming annual general meeting of the Company to be held on Friday, 9th September, 2016.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$50,670,000. 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 movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 34.

The Company's reserve available for distribution to shareholders as at 31st March, 2016 were as follows:

	2016	2015
	HK$'000	*HK$'000*
Contributed surplus	**49,259**	49,259
Retained profits	**104,419**	43,698
	153,678	92,957

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 at the date of this report were:

Executive directors:

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

Non-executive director:

Mr. Fang Yan Tak, Douglas

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, Mr. Li Kwok Wai, Frankie, Mr. Fang Yan Tak, Donglas and The Hon. Tien Pei Chun, James retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election at such meeting.

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.

The Company has received annual confirmation of independence from the three independent non-executive directors in accordance with Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers them to be independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 3 to 5 of this Annual Report.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 31st March, 2016, 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			
	Personal interests	Through controlled corporations	Total	Percentage of company's issued capital
Mr. Fang Hung, Kenneth	20,130,000	–	20,130,000	2.01%
Mr. Li Kwok Wai, Frankie *(Note(i))*	69,628,381	610,000,000	679,628,381	67.99%
Mr. Leung Tze Kuen *(Note(ii))*	840,000	–	840,000	0.08%

Short position in the shares of the Company

	Number of shares held through controlled corporations	Percentage of Company's issued capital
Mr Li Kwok Wai, Frankie *(Note (i))*	40,000,000	4.00%

Notes:

(i) As at 31st March, 2016, Antrix Investment Limited held 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 Li Kwok Wai, Frankie beneficially owned 41.70%, of the issued share capital of Antrix Investment Limited.

(ii) The 840,000 shares represent shares which were 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 31st March, 2016, 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' 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.

PERMITTED INDEMNITY PROVISION

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every director is entitled under the Company's Articles of Association to be indemnified and secured harmless out of the assets and profits of the Company against all costs, charges, losses, damages and expenses which he or she may sustain or incur in or about the execution or discharge of his or her duties. To the extent permitted by such Ordinance, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31st March, 2016 , none of the directors of the Company or any of Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

REMUNERATION FOR DIRECTORS

In compliance with the Code as set out in Appendix 14 to the Listing Rules, the Company has established a remuneration committee to formulate remuneration policies. Directors' remuneration are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties and responsibilities, the recommendations of the remuneration committee and the performance and results of the Group. Details of the remuneration of the directors are set out in Note 11 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of related party transactions undertaken in the normal course of business of the Group are provided under Note 37 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed. The Company has complied with disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31st March, 2016.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2016, 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 *(Note)*	Directly beneficially owned	610,000,000	61.02%
Esca Investment Limited *(Note)*	Indirectly beneficially owned	610,000,000	61.02%
Megastar Venture Limited *(Note)*	Indirectly beneficially owned	610,000,000	61.02%
Fang Brothers Holdings Limited *(Note)*	Indirectly beneficially owned	610,000,000	61.02%

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	4.00%
Esca Investment Limited *(Note)*	Indirectly beneficially owned	40,000,000	4.00%
Megastar Venture Limited *(Note)*	Indirectly beneficially owned	40,000,000	4.00%
Fang Brothers Holdings Limited *(Note)*	Indirectly beneficially owned	40,000,000	4.00%

Note:

As at 31st March, 2016, Antrix Investment Limited was held as to 58.3% by Esca Investment Limited (a company wholly-owned by Fang Brothers Holdings Limited in which none of its shareholders holds more than 20% of its issued capital) and 41.7% by Megastar Venture Limited (a company wholly-owned by Mr Li Kwok Wai, Frankie). The shares held by Esca Investment Limited, Megastar Venture Limited and Fang Brothers Holdings Limited represent the same interest held by Antrix Investment Limited, which have also been disclosed as an interest of Mr Li Kwok Wai, Frankie under the section "Interests of Directors and Chief Executive in Securities".

Save as disclosed above, as at 31st March, 2016, 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.

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.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

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

During the year the Company repurchased a total of 11,514,000 ordinary shares of the Company on the Stock Exchange in the range of HK$1.05 to HK$1.85 per share for a total consideration of approximately HK$16,013,000. The said shares were subsequently cancelled.

Save as disclosed above, 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

Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 13 to 21 of this Annual Report.

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.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st March, 2016.

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, 2016.

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
29th June, 2016

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 31 to 107, which comprise the consolidated statement of financial position as at 31st March, 2016, and the consolidated statement of profit or loss and other 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 financial position of the Group as at 31st March, 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29th June, 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	5	**910,654**	918,940
Cost of sales		**(787,643)**	(799,891)
Gross profit		**123,011**	119,049
Other income	6	**10,181**	11,205
Other gains and losses	7	**2,304**	(1,261)
Selling and distribution expenses		**(58,658)**	(52,221)
Administrative expenses		**(22,670)**	(21,683)
Finance costs	8	**(671)**	(743)
Share of results of associates and reversal of impairment loss *(Note)*	17	**190,361**	194,910
Share of result of a joint venture	18	**127**	262
Profit before income tax		**243,985**	249,518
Income tax expense	9	**(20,440)**	(18,438)
Profit for the year	10	**223,545**	231,080
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations		**(34,908)**	(186)
Total comprehensive income for the year		**188,637**	230,894
Profit for the year attributable to:			
Owners of the Company		**201,004**	208,549
Non-controlling interests		**22,541**	22,531
		223,545	231,080
Total comprehensive income attributable to:			
Owners of the Company		**173,514**	207,993
Non-controlling interests		**15,123**	22,901
		188,637	230,894
		HK cents	*HK cents*
Earnings per share – basic	14	**20.0**	20.6

Note: This includes the share of results of associates of HK$95,273,000 (2015: HK$79,121,000).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	15	**268,036**	258,338
Investment properties	16	**1,207**	–
Prepayment for acquisition of plant and equipment		**5,672**	16,762
Interests in associates	17	**977,013**	882,198
Interest in a joint venture	18	**–**	721
Available-for-sale investments	19	**2,739**	2,739
Intangible assets	20	**1,459**	1,459
Pledged bank deposit	25	**45,896**	–
		1,302,022	1,162,217
Current assets			
Inventories	21	**95,545**	115,814
Trade and other receivables	22	**178,291**	176,065
Bills receivables	23	**22,316**	20,218
Amounts due from associates	17	**118**	94
Held for trading investments	24	**344**	–
Tax recoverable		**–**	2,399
Bank balances and cash	25	**43,591**	41,756
		340,205	356,346
Current liabilities			
Trade and other payables	26	**218,082**	249,579
Bank borrowings	27	**25,543**	13,439
Tax payable		**32,106**	24,146
		275,731	287,164
Net current assets		**64,474**	69,182
Total assets less current liabilities		**1,366,496**	1,231,399
Non-current liability			
Deferred tax liabilities	28	**22,288**	17,221
		1,344,208	1,214,178

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2016

	Notes	2016 HK$'000	2015 HK$'000
Capital and reserves			
Share capital	*29*	**199,928**	202,231
Reserves		**1,108,691**	991,481
Equity attributable to owners of the Company		**1,308,619**	1,193,712
Non-controlling interests		**35,589**	20,466
Total equity		**1,344,208**	1,214,178

The consolidated financial statements on pages 31 to 107 were approved and authorised for issue by the Board of Directors on 29th June, 2016 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, 2016

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve (note)	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for share 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, 2014	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 year	–	–	–	–	–	–	–	208,549	208,549	22,531	231,080
Exchange difference arising on translation of foreign operations	–	–	–	–	(556)	–	–	–	(556)	370	(186)
Total comprehensive income (expense) for the year	–	–	–	–	(556)	–	–	208,549	207,993	22,901	230,894
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 34)*	–	–	–	–	–	1,935	–	–	1,935	–	1,935
Shares vested under share award scheme *(note 34)*	–	–	–	–	–	(1,161)	1,161	–	–	–	–
Dividends recognised as a distribution *(note 13)*	–	–	–	–	–	–	–	(30,335)	(30,335)	–	(30,335)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(250)	(250)
At 31st March, 2015	202,231	126,763	2,125	7,829	89,064	959	(12,174)	776,915	1,193,712	20,466	1,214,178

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2016

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve *(note)*	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for share 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*
Profit for the year	–	–	–	–	–	–	–	201,004	201,004	22,541	223,545
Other comprehensive expense for the year											
Exchange difference arising on translation of foreign operations	–	–	–	–	(27,490)	–	–	–	(27,490)	(7,418)	(34,908)
Total comprehensive income (expense) for the year	–	–	–	–	(27,490)	–	–	201,004	173,514	15,123	188,637
Repurchase of ordinary shares	(2,303)	(16,013)	–	2,303	–	–	–	–	(16,013)	–	(16,013)
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 34)*	–	–	–	–	–	2,188	–	–	2,188	–	2,188
Shares vested under share award scheme *(note 34)*	–	–	–	–	–	(758)	758	–	–	–	–
Dividends recognised as a distribution *(note 13)*	–	–	–	–	–	–	–	(40,102)	(40,102)	–	(40,102)
At 31st March, 2016	199,928	110,750	2,125	10,132	61,574	2,389	(16,096)	937,817	1,308,619	35,589	1,344,208

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, 2016

	2016 HK$'000	2015 HK$'000
Operating activities		
Profit before income tax	**243,985**	249,518
Adjustments for:		
Share of results of associates and reversal of impairment loss	**(190,361)**	(194,910)
Share of result of a joint venture	**(127)**	(262)
Finance costs	**671**	743
Interest income	**(285)**	(426)
Depreciation	**39,603**	32,088
Recognition of equity-settled share-based payment expenses under share award scheme	**2,188**	1,935
(Gain) loss on disposal of property, plant and equipment	**(198)**	81
Provision for (reversal of) allowance for doubtful debts	**262**	(2,607)
Bargain purchase gain recognised in a business combination	**(136)**	–
Fair value changes of held for trading investments	**164**	–
Allowance for inventories	**11,528**	7,992
Operating cash flows before movements in working capital	**107,294**	94,152
Decrease (increase) in inventories	**8,464**	(14,239)
Decrease (increase) in trade and other receivables	**3,044**	(20,952)
(Increase) decrease in bills receivables	**(2,946)**	202
Increase in held for trading investments	**(508)**	–
Increase in amounts due from associates	**(24)**	(24)
(Decrease) increase in trade and other payables	**(36,263)**	23,909
Cash generated from operations	**79,061**	83,048
Income tax paid	**(3,416)**	(6,855)
Net cash from operating activities	**75,645**	76,193

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000
Investing activities			
Placement of pledged bank deposit		**(45,896)**	–
Purchase of property, plant and equipment		**(31,891)**	(64,537)
Prepayment for acquisition of plant and equipment		**(11,574)**	(1,253)
Capital return from the unlisted associate		**52,644**	–
Dividend received from the listed associates, net of withholding tax		**14,811**	14,051
Proceeds from disposals of property, plant and equipment		**361**	741
Net cash inflow on acquisition of a subsidiary	36	**320**	–
Interest received		**285**	426
Net cash used in investing activities		**(20,940)**	(50,572)
Financing activities			
Dividend paid		**(40,102)**	(30,335)
Repayment of bank loans		**(39,483)**	(113,389)
Payment for repurchase for ordinary shares		**(16,013)**	–
Payment for purchase of shares for share award scheme		**(4,680)**	(4,680)
Interest paid		**(671)**	(743)
Dividend paid to a non-controlling shareholder of a subsidiary		**–**	(250)
New bank loans raised		**56,543**	96,442
Net cash used in financing activities		**(44,406)**	(52,955)
Net increase (decrease) in cash and cash equivalents		**10,299**	(27,334)
Effect of changes in exchange rates		**(3,508)**	(1,011)
Cash and cash equivalents at beginning of the year		**36,800**	65,145
Cash and cash equivalents at end of the year		**43,591**	36,800
Represented by			
Bank balances and cash		**43,591**	41,756
Bank overdraft		**–**	(4,956)
		43,591	36,800

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 Islands (the "BVI")) and its ultimate holding company is Fang Brothers Holdings 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 ("HK$"), which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries ("the Group") are the manufacturing and sale of liquid crystal displays ("LCDs") and liquid crystal displays modules ("LCMs") products.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied for the first time in the current year the following amendments to HKFRSs:

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 amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKAS 7	Disclosure Initiative[5]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]

1 Effective for annual periods beginning on or after 1st January, 2018
2 Effective for annual periods beginning on or after 1st January, 2016
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1st January, 2019
5 Effective for annual periods beginning on or after 1st January, 2017

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

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

HKFRS 9 *Financial Instruments* (continued)

The key requirements of HKFRS 9 are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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 ("FVTPL"), 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 liabilities' 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 FVTPL was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities and it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until a detailed review has been completed.

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

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

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

HKFRS 16 *Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

Except as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants. 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 disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31st March, 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31st March, 2015 are presented and disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

Basis of preparation

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 and service.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Impairment of Assets", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Share-based Payment".

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicated that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates and joint venture

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint venture are incorporated in these consolidated financial statement using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), 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 or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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 associates or a joint venture. 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 of disposal) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates and joint venture (continued)

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 an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Dividend and interest income

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 income 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 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.

Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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 lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease.

The Group as leasee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

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.

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.

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 recognised 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. 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting 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. HK$) using exchange rates prevailing at the end of the reporting period. 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 (attributed to non-controlling interests as appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates and in joint venture, 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 and interests 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 they relate 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.

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.

Research and development expenditure

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

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets

At the end of each 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 is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount is the higher of fair value less costs of disposal 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 (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) 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 (or a cash generating unit) 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 immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into 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 debt instrument 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 and points 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 debt instrument, 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 other than those financial assets classified as at FVTPL.

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 receivables, amounts due from associates, pledged bank deposit 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).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets at FVTPL represent the financial asset held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified 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 stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 31.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-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, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

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 and points 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.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

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.

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of shares awarded at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share award reserve).

When the trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity. No gain or loss is recognised on transactions of the Company's own shares.

When the trustee transfers the Company's shares to grantees upon vesting, the related costs of the granted shares vested are reversed from shares held for share award scheme. Accordingly, the related expense of the granted shares vested is reversed from the share award reserve. The difference arising from this transfer is debited/credited to retained profits. At the end of the reporting period, the Group revises its estimates of the number of shares that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to the share award reserve.

4. 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 judgements in applying accounting policies

The following are the critical judgements, 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 Holdings Limited ("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 judgement, the directors considered the Group's absolute size of its holding in Crown Capital and 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' meetings. 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.

4. 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 the unlisted associate

Determining whether interests in the unlisted associate are impaired or a previously recognised impairment loss needs to be reversed requires a determination of the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use. The management considers that the recoverable amount of the unlisted associate is determined on the basis of the value in use calculation which is higher than its fair value less costs to sell. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the operation of the associate and a suitable discount rate. Where the future cash flows are less or more than expected, or changes in facts and circumstances which result in revisions of the estimated future cash flows, a further impairment loss or reversal of an impairment loss may arise.

A reversal of the impairment loss of HK$95,088,000 is recognised in 2016 and the accumulated impairment losses of the Group's unlisted associate at 31st March, 2016 are Nil (2015: HK$95,088,000). Details about the reversal of the impairment losses provided during the year are set out in note 17. The carrying amount of interests in the unlisted associate at the end of the reporting period is HK$208,337,000 (2015: HK$124,760,000).

Allowances for inventories

The management of the Group reviews the aging analysis at the end of reporting period, and makes an 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 at the end of each reporting period and makes an allowance for obsolete items. During the year, the Group recognised allowances for inventories amounting to approximately HK$11,528,000 (2015: HK$7,992,000). As at 31st March, 2016, the carrying amount of inventories is HK$95,545,000 (2015: HK$115,814,000).

Allowance for doubtful debts of trade and other receivables

When there is objective evidence of an 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 at their original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year, the Group recognised the allowance for doubtful debts on receivables by approximately HK$262,000 (2015: reversal of HK$2,607,000). As at 31st March, 2016, the carrying amount of trade and other receivables is HK$178,291,000 (2015: HK$176,065,000).

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 four operating divisions according to the types of products sold, which are LCDs, LCMs and LCD-related products that are widely used in electronic consumer products and LCD-related optical 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.

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

2016

	LCDs	LCMs	LCD-related products	LCD-related optical products	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue							
External sales	323,618	577,324	9,712	–	910,654	–	910,654
Inter-segment sales	111,441	–	–	–	111,441	(111,441)	–
Total	435,059	577,324	9,712	–	1,022,095	(111,441)	910,654
Segment profit (loss)	26,113	47,222	(17,747)	(202)	55,386	–	55,386
Interest income							285
Dividend income							272
Fair value changes of held for trading investments							(164)
Unallocated administrative costs							(3,745)
Net exchange gain							2,134
Finance costs							(671)
Share of results of associates and reversal of impairment loss							190,361
Share of result of a joint venture							127
Profit before income tax							243,985

5. REVENUE AND SEGMENT INFORMATION (continued)

2015

	LCDs HK$'000	LCMs HK$'000	LCD-related products HK$'000	LCD-related optical products HK$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment revenue							
External sales	373,465	543,239	2,236	–	918,940	–	918,940
Inter-segment sales	130,188	–	–	–	130,188	(130,188)	–
Total	503,653	543,239	2,236	–	1,049,128	(130,188)	918,940
Segment profit (loss)	42,416	33,751	(15,637)	(378)	60,152	–	60,152
Interest income							426
Dividend income							219
Unallocated administrative costs							(4,528)
Net exchange loss							(1,180)
Finance costs							(743)
Share of results of associates and reversal of impairment loss							194,910
Share of result of a joint venture							262
Profit before income tax							249,518

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit generated (loss incurred) in 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, unallocated administrative costs, net exchange differences, finance costs, share of results of associates and reversal of impairment loss and share of results of a joint venture. 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 mark-up.

5. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information

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

2016

	LCDs *HK$'000*	LCMs *HK$'000*	LCD-related products *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation	**33,348**	**1,210**	**4,864**	**39,422**	**181**	**39,603**
Gain on disposal of property, plant and equipment	**(196)**	**–**	**–**	**(196)**	**(2)**	**(198)**
Allowance for (reversal of) doubtful debts	**970**	**(708)**	**–**	**262**	**–**	**262**
Allowance for obsolete inventories	**4,275**	**7,070**	**159**	**11,504**	**24**	**11,528**

2015

	LCDs *HK$'000*	LCMs *HK$'000*	LCD-related products *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation	28,367	3,543	–	31,910	178	32,088
Loss on disposal of property, plant and equipment	81	–	–	81	–	81
(Reversal of) allowance for doubtful debts	(715)	(2,202)	–	(2,917)	310	(2,607)
Allowance for obsolete inventories	3,366	4,381	–	7,747	245	7,992

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.

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	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**102,020**	104,181	**57,761**	6,461
Other regions of the PRC	**201,071**	237,939	**264,398**	269,920
Japan	**135,913**	123,613	**–**	–
United States	**109,291**	81,082	**–**	–
Taiwan	**44,497**	62,087	**–**	–
Germany	**74,931**	71,699	**–**	–
Other European countries	**178,814**	164,971	**111**	178
Other Asian countries	**54,484**	64,669	**–**	–
Other countries	**9,633**	8,699	**–**	–
	910,654	918,940	**322,270**	276,559

Note: Non-current assets exclude interests in associates, interest in a joint venture and available-for-sale investments.

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

6. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Dividend income from investments held for trading	**272**	219
Interest on bank deposits	**285**	426
Others	**2,538**	1,773
Scrap sales	**1,419**	2,809
Tooling income	**5,667**	5,978
	10,181	11,205

7. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Loss on fair value changes of held for trading investments	**(164)**	–
Gain (loss) on disposal of property, plant and equipment	**198**	(81)
Net exchange gain (loss)	**2,134**	(1,180)
Gain on bargain purchase *(note 36)*	**136**	–
	2,304	(1,261)

8. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within a year	**671**	743

9. INCOME TAX EXPENSE

	2016 HK$'000	2015 HK$'000
The income tax expense comprises:		
Current tax		
Hong Kong	**11,228**	7,973
Other jurisdictions	**4,459**	6,626
	15,687	14,599
(Over) underprovision in prior years		
Hong Kong	**871**	(8)
Other jurisdictions	**(1,952)**	(543)
	14,606	14,048
Deferred taxation *(note 28)*		
Charge for the year	**5,834**	4,390
	20,440	18,438

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

Current tax in other jurisdictions is mainly represented by 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.

Pursuant to the relevant law and regulations in the PRC, one of the Company's PRC subsidiaries was approved as HiTech Enterprise and entitled to 15% PRC enterprise income tax for three years from 2015 to 2017. The PRC subsidiary was granted the status of Hi-Tech Enterprise in 2015 by the relevant government and accordingly, PRC Enterprise Income Tax is provided at 15% for the year ended 31st March, 2016.

9. INCOME TAX EXPENSE (continued)

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 withholding tax aforementioned can be reduced to 5%, if the non-resident investor is a Hong Kong incorporated company, provided that the Hong Kong incorporated company beneficially owns no less than 25% of the PRC company.

Pursuant to the above-mentioned arrangement, the Group has recognised a deferred tax liability 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 reversal of temporary differences of the subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

The income tax expense for the year can be reconciled to the profit before income tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	HK$'000	*HK$'000*
Profit before income tax	**243,985**	249,518
Tax at Hong Kong Profits Tax rate of 16.5%	**40,258**	41,170
Tax effect of share of results of associates and reversal of impairment loss	**(31,410)**	(32,161)
Tax effect of share of result of a joint venture	**(21)**	(43)
Tax effect of expenses that are not deductible for tax purposes	**4,918**	4,355
Tax effect of income not taxable for tax purposes	**(1,208)**	(1,080)
Tax effect of tax losses not recognised	**2,408**	410
Effect of different tax rates of subsidiaries operating in other jurisdictions	**169**	1,272
Overprovision in respect of prior years	**(1,081)**	(551)
Utilisation of tax losses previously not recognised	**(132)**	(122)
Utilisation of deductible temporary differences previously not recognised	**–**	(282)
Tax effect of deductible temporary difference not recognised	**54**	(145)
Withholding tax for undistributed profits in associates	**6,628**	5,131
Others	**(143)**	484
Income tax expense for the year	**20,440**	18,438

10. PROFIT FOR THE YEAR

	2016 HK$'000	2015 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' emoluments *(note 11)*	**194,229**	199,770
Retirement benefit scheme contributions, excluding directors	**7,628**	7,722
Share-based payment expenses	**2,188**	1,935
Total staff costs	**204,045**	209,427
Allowances for obsolete inventories (included in cost of sales)	**11,528**	7,992
Auditor's remuneration	**3,307**	3,226
Cost of inventories recognised as expenses	**776,115**	791,899
Depreciation of property, plant and equipment	**39,603**	32,088
Research costs recognised as an expense	**–**	448
Provision for (reversal of) allowance for doubtful debts	**262**	(2,607)
Share of tax of associates (included in share of results of associates and reversal of impairment loss)	**11,967**	12,886

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

Year ended 31st March, 2016

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Performance related incentive payments *(Note i)* *HK$'000*	Share-based payment expenses *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors:						
Fang Hung, Kenneth	–	1,440	–	–	–	1,440
Li Kwok Wai, Frankie	–	4,354	–	–	218	4,572
Leung Tze Kuen	–	960	–	118	48	1,126
Non-executive Director:						
Fang Yan Tak, Douglas	300	–	–	–	–	300
Independent non-executive Directors:						
Tien Pei Chun, James	300	–	–	–	–	300
Chu Chi Wai, Allan	300	–	–	–	–	300
Lau Yuen Sun, Adrian	300	–	–	–	–	300
	1,200	6,754	–	118	266	8,338

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

Year ended 31st March, 2015

	Fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments *(Note i)* HK$'000	Share-based payment expenses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors:						
Fang Hung, Kenneth	–	1,440	–	–	–	1,440
Li Kwok Wai, Frankie	–	4,354	1,500	–	293	6,147
Leung Tze Kuen	–	840	200	71	52	1,163
Non-executive Director:						
Fang Yan Tak, Douglas	250	–	–	–	–	250
Independent non-executive Directors:						
Tien Pei Chun, James	250	–	–	–	–	250
Chu Chi Wai, Allan	250	–	–	–	–	250
Lau Yuen Sun, Adrian	250	–	–	–	–	250
	1,000	6,634	1,700	71	345	9,750

Note:

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

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

(iii) The emoluments shown above for other executive directors were mainly for their services in connection with the management of the affairs of the Company and the Group. The emoluments for the non-executive director were mainly for his services as director of the Company. The emoluments for independent non-executive directors were mainly for their services as directors of the Company.

No director waived any emoluments for the two years ended 31st March, 2016 and 31st March, 2015.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2015: two) were director(s) of the Company whose emoluments are included in note 11 above. The emoluments of the remaining three (2015: three) individuals were as follows:

	2016	2015
	HK$'000	*HK$'000*
Salaries and other benefits	**4,995**	4,793
Performance related incentive payments	**1,277**	914
Retirement benefit scheme contributions	**494**	474
Total emoluments	**6,766**	6,181

Their emoluments were within the following bands:

	2016	2015
	No. of employees	No. of employees
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**3**	2

13. DIVIDENDS

Dividends recognised as distributions during the year:

	2016	2015
	HK$'000	*HK$'000*
Final dividend in respect of the year ended 31st March, 2015 of HK4.0 cents per share (2015: Final dividend in respect of the year ended 31st March, 2014 of HK3.0 cent per share)	**40,102**	30,335

Proposed dividends:

	2016	2015
	HK$'000	*HK$'000*
Final – HK5.0 cents (2015: HK4.0 cents) per share	**49,982**	40,446
Special – HK5.0 cents (2015: nil) per share	**49,982**	–
	99,964	40,446

The proposed final and special dividends for the year are subject to approval by the shareholders in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the owners of the Company for the year and 1,004,889,269 (2015: 1,011,155,171) weighted average number of ordinary shares in issue.

No diluted earnings per share is presented as there was no significant 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
COST							
At 1st April, 2014	103,058	82,230	17,540	334,512	7,088	26,571	570,999
Exchange realignment	–	(109)	(104)	–	(10)	–	(223)
Additions	–	613	322	1,534	845	61,223	64,537
Reclassification	–	–	5	(5)	–	–	–
Disposals	–	(1,348)	(907)	(19,899)	(71)	–	(22,225)
Transfers	–	12,887	1,773	44,375	273	(59,308)	–
At 31st March, 2015	103,058	94,273	18,629	360,517	8,125	28,486	613,088
Exchange realignment	–	8	12	–	2	–	22
Additions	128	6,050	679	289	70	43,454	50,670
Disposals	–	(1,927)	(7,718)	(2,600)	(1,689)	–	(13,934)
Transfers	–	1,758	1,000	19,358	900	(23,016)	–
Transfer to investment properties *(Note)*	(2,541)	–	–	–	–	–	(2,541)
At 31st March, 2016	**100,645**	**100,162**	**12,602**	**377,564**	**7,408**	**48,924**	**647,305**
DEPRECIATION AND AMORTISATION							
At 1st April, 2014	18,822	46,250	14,586	259,455	5,158	–	344,271
Exchange realignment	–	(106)	(96)	–	(4)	–	(206)
Reclassification	–	–	4	(4)	–	–	–
Provided for the year	5,134	8,494	962	16,714	784	–	32,088
Eliminated on disposals	–	(1,280)	(906)	(19,146)	(71)	–	(21,403)
At 31st March, 2015	23,956	53,358	14,550	257,019	5,867	–	354,750
Exchange realignment	–	8	12	–	1	–	21
Provided for the year	5,137	9,545	1,031	23,026	864	–	39,603
Transfer to investment properties *(Note)*	(1,334)	–	–	–	–	–	(1,334)
Eliminated on disposals	–	(1,925)	(7,614)	(2,545)	(1,687)	–	(13,771)
At 31st March, 2016	**27,759**	**60,986**	**7,979**	**277,500**	**5,045**	**–**	**379,269**
CARRYING VALUES							
At 31st March, 2016	**72,886**	**39,176**	**4,623**	**100,064**	**2,363**	**48,924**	**268,036**
At 31st March, 2015	79,102	40,915	4,079	103,498	2,258	28,486	258,338

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%

Note: Property, plant and equipment were transferred to investment properties upon commencement of leasing out in March 2016.

16. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1st April, 2014 and 31st March, 2015	–
Transferred from property, plant and equipment	1,207
At 31st March, 2016	**1,207**
DEPRECIATION	
At 1st April, 2014, 31st March, 2015 and 31st March, 2016	–
CARRYING VALUES	
At 31st March, 2016	**1,207**
At 31st March, 2015	–

The Group's investment properties are erected on land in Hong Kong and are depreciated on a straight-line basis over the shorter of the term of the lease or 20 years.

As at 31st March, 2016, the fair value of the Group's investment properties was HK$32,900,000 (2015: Nil).

The fair value of the investment properties as at 31st March, 2016 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. Asset Appraisal Limited is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

17. ASSOCIATES

Interests in associates

	2016 HK$'000	2015 HK$'000
Cost of investments in associates		
Listed in the PRC	**518,114**	518,114
Unlisted	**231,733**	281,161
Share of post-acquisition results and other comprehensive income, net of dividends received:		
Listed in the PRC	**250,562**	239,324
Unlisted	**(23,396)**	(61,313)
Impairment loss recognised	**–**	(95,088)
	977,013	882,198
Fair value of listed investments	**2,786,569**	2,967,221

Pursuant to the relevant approval obtained for the capital reduction of Kunshan Visionox, capital return of HK$52,644,000 (RMB43,870,000) was received from Kunshan Visionox during the year as a result of a capital reduction and a decrease in the investment cost of HK$49,428,000, translated at historical rate of RMB43,870,000, has been taken into account in the calculation of the reversal of the impairment loss.

Share of results of associates and reversal of impairment loss

	2016 HK$'000	2015 HK$'000
Listed in the PRC:		
Share of profit	**57,979**	70,150
Unlisted associate:		
Share of profit	**37,294**	8,971
Reversal of impairment loss	**95,088**	115,789
	132,382	124,760
	190,361	194,910

17. ASSOCIATES (continued)

Share of results of associates and reversal of impairment loss (continued)

Details of the Group's principal associates as at 31st March, 2016 and 2015 are as follows:

Name	Form of business	Place of incorporation or registration/ operation	Proportion of nominal value of issued capital held by the Group 2016	2015	Principal activities
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	**43.87%** *(Note)*	43.87% *(Note)*	Development, manufacturing and selling of organic light-emitting diode ("OLED") display products
Nantong Jianghai Capacitor Company Ltd. ("Nantong Jianghai") 南通江海電容器股份有限公司	Incorporated	The PRC	**37.50%**	37.50%	Manufacturing and trading of aluminium electrolytic capacitors

Note: Pursuant to the associate's Articles 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.

In prior years, the business of Kunshan Visionox, an unlisted associate principally engaged in the development, manufacturing and selling of OLED products, was affected by the slower than expected development of the OLED markets and the Group had assessed the recoverable amount of its interests in Kunshan Visionox. The recoverable amount had been determined on the basis of a value in use calculation. That calculation used cash flow forecasts derived from the then most recent financial budgets and forecast over a 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 at that time was nil.

17. ASSOCIATES (continued)

Share of results of associates and reversal of impairment loss (continued)

Starting from the year ended 31st March, 2015 and at 31st March, 2016, due to Kunshan Visionox commencing to make profit and the completion of the restructuring of Kunshan Visionox, the directors of the Company have considered that there is objective evidence of a reversal of impairment at the end of the reporting period. At the end of the reporting period, the Group has assessed the recoverable amount of the entire carrying amount of its interest in the unlisted associate. The recoverable amount has 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 using a discount rate of 18.62% (2015: 19.24%). The directors reviewed the anticipated profitability and the anticipated future operating cash flows of this unlisted associate. Due to a remarkable sales growth with a well-diversified range of application segments in the passive mode OLED market which was unexpected in the prior year, the actual performance was accordingly better than forecasted performance. The directors of the Company considered that the balance of the impairment loss on interest in the unlisted associate could be fully reversed as at 31st March, 2016. Accordingly, the Group has recorded a share of profit of HK$37,294,000 (2015: HK$8,971,000) and a reversal of the impairment loss on interest in the unlisted associate of approximately HK$95,088,000 (2015: HK$115,789,000) during the year.

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

Nantong Jianghai

Financial position

	2016	2015
	HK$'000	*HK$'000*
Current assets	**1,387,613**	1,389,571
Non-current assets	**1,050,001**	1,004,345
Current liabilities	**(252,240)**	(230,965)
Non-current liabilities	**(16,869)**	(16,884)
Non-controlling interest	**(118,702)**	(126,233)
Net assets	**2,049,803**	2,019,834

17. ASSOCIATES (continued)

Share of results of associates and reversal of impairment loss (continued)

Nantong Jianghai (continued)

Results for the year

	2016	2015
	HK$'000	*HK$'000*
Revenue	**1,319,915**	1,372,769
Profit and total comprehensive income for the year	**154,609**	187,067
Group's share of associate's profit for the year	**57,979**	70,150

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

	2016	2015
	HK$'000	*HK$'000*
Net assets of the associate	**2,049,803**	2,019,834
Proportion of the Group's ownership interest in Nantong Jianghai	**37.5%**	37.5%
Carrying amount of the Group's interest in Nantong Jianghai	**768,676**	757,438

Kunshan Visionox

Financial position

	2016	2015
	HK$'000	*HK$'000*
Current assets	**456,723**	343,489
Non-current assets	**216,810**	265,568
Current liabilities	**(107,611)**	(75,063)
Non-controlling interest	**(87,921)**	–
Net assets	**478,001**	533,994

17. ASSOCIATES (continued)

Share of results of associates and reversal of impairment loss (continued)

Kunshan Visionox (continued)

Results for the year

	2016 HK$'000	2015 HK$'000
Revenue	**548,157**	338,797
Profit and total comprehensive income for the year	**85,011**	43,698
Group's share of associate's profit for the year	**37,294**	19,170
Share of losses of associates not recognised	**–**	(10,199)
	37,294	8,971

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

	2016 HK$'000	2015 HK$'000
Net assets of the associate	**478,001**	533,994
Proportion of the Group's ownership interest in Kunshan Visionox	**43.87%**	43.87%
Share of net assets attributable to the Group	**209,699**	234,263
Impairment loss recognised	**–**	(95,088)
Exchange difference	**(1,362)**	(14,415)
Carrying amount of the Group's interest in Kunshan Visionox	**208,337**	124,760

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

18. INTEREST IN A JOINT VENTURE

Details of the Group's interest in a joint venture are as follows:

	2016	2015
	HK$'000	*HK$'000*
Cost of unlisted investment in a joint venture	–	316
Share of post-acquisition profits and other comprehensive income	–	405
	–	721

In August 2015, the Group acquired an additional 50% equity interest at a consideration of RMB250,000 and Jiangmen Yeestar Electronics Technology Co., Ltd., became a wholly owned subsidiary of the Group. Details of the acquisition are disclosed in note 36.

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Form of entity	Country of incorporation/ registration	Principal place of operation	Paid up capital	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
				RMB	2016	2015	2016	2015	
Jiangmen Yeestar Electronics Technology Co. Ltd. ("Jiangmen Yeestar") 江門億天電子科技有限公司	Incorporated	The PRC	The PRC	500,000	-	50%	-	50%	Trading of electronic products and conducting research and development

18. INTEREST IN A JOINT VENTURE (continued)

Summarised financial information of the joint venture

Summarised financial information in respect of the joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

Jiangmen Yeestar

	2016	2015
	HK$'000	*HK$'000*
Current assets	**–**	5,514
Non-current assets	**–**	3
Current liabilities	**–**	(4,086)
Net assets	**–**	1,431

The above amounts of assets and liabilities include the following:

	2016	2015
	HK$'000	*HK$'000*
Cash and cash equivalents	**–**	288

	2016	2015
	HK$'000	*HK$'000*
Revenue	**5,667**	5,774
Profit for the year	**254**	524

The above profit for the year includes the following:

	2016	2015
	HK$'000	*HK$'000*
Income tax expense	**85**	174

18. INTEREST IN A JOINT VENTURE (continued)

Summarised financial information of the joint venture (continued)

Jiangmen Yeestar (continued)

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

	2016	2015
	HK$'000	*HK$'000*
Net assets of Jiangmen Yeestar	**–**	1,431
Proportion of the Group's ownership interest in Jiangmen Yeestar	**–**	50%
Exchange realignment	**–**	5
Carrying amount of the Group's interest in Jiangmen Yeestar	**–**	721

19. 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 these unlisted equity securities at the end of the reporting period.

20. 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 of 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.

21. INVENTORIES

	2016	2015
	HK$'000	*HK$'000*
Raw materials	**34,094**	54,303
Work in progress	**17,727**	19,286
Finished goods	**43,724**	42,225
	95,545	115,814

22. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**152,566**	139,102
Other receivables	**14,982**	21,275
Deposits	**6,733**	3,884
Prepayments	**4,010**	11,804
	178,291	176,065

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 31b, amounted to HK$107,498,000 (2015: HK$137,126,000).

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.

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):

	2016	2015
	HK$'000	*HK$'000*
1 – 30 days	**79,843**	68,428
31 – 60 days	**25,228**	32,903
61 – 90 days	**34,747**	21,808
91 – 120 days	**12,748**	15,963
	152,566	139,102

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$58,145,000 (2015: HK$46,573,000) 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.

22. TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance for doubtful debts

	2016	2015
	HK$'000	*HK$'000*
Balance at beginning of the year	**5,797**	8,893
Currency realignment	**15**	(267)
Impairment loss recognised (reversed)	**262**	(2,607)
Amounts written off	**(38)**	(222)
Balance at end of the year	**6,036**	5,797

Included in the allowance for doubtful debts are individually impaired trade and other receivables with a balance of HK$6,036,000 (2015: HK$5,797,000) which have continuous delinquent payments. The Group does not hold any collateral over these balances.

Transfers of financial assets

The following were the Group's financial assets as at 31st March, 2016 and 2015 that were transferred to suppliers by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	Bills receivables endorsed to suppliers with full recourse	
	2016	2015
	HK$'000	*HK$'000*
Carrying amount of transferred assets	**19,435**	17,265
Carrying amount of associated liabilities	**19,435**	17,265
Net position	**–**	–

23. BILLS RECEIVABLES

All the Group's bills receivables, based on issuance date at 31st March, 2016 and 2015, were aged within 180 days.

The Group's bills receivables that are denominated in currencies other than the functional currencies of the relevant group entities, as stated in note 31b, amounted to HK$22,316,000 (2015: HK$20,218,000).

24. HELD FOR TRADING INVESTMENTS

Held for trading investments include:

	2016	2015
	HK$'000	*HK$'000*
Listed securities:		
– Equity securities listed in Hong Kong	**344**	–

25. PLEDGED BANK DEPOSIT/BANK BALANCES AND CASH

(a) Pledged bank deposit

As at 31st March, 2016, pledged bank deposit with original maturity of more than three months carried interest at variable rate of 0.45% per annum over three or six-month off-shore Chinese Renminbi Hong Kong Interbank Offered Rate ("CNH HIBOR").

The bank deposit has been pledged to secure the banking facilities granted to a management of the subsidiary of the unlisted associate for three years from March 2016 and is therefore classified as a non-current asset. The pledged bank deposit will be released upon the settlement of the relevant bank borrowings.

(b) Bank balances

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 rates of the Group's bank balances ranged from 0.01% to 2.75% (2015: 0.01% to 2.60%) per annum.

The Group's pledged bank deposit, bank balances and cash that are denominated in currencies, other than the functional currencies of the relevant group entities as stated in note 31b, amounted to HK$75,148,000 (2015: HK$38,523,000).

26. TRADE AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables	**96,476**	119,006
Accrued charges	**76,959**	73,630
Other payables	**36,793**	43,353
Deposits received from customers	**7,094**	9,801
Bills payables	**760**	3,789
	218,082	249,579
Amount analysed for reporting purposes as:		
Trade and other payables	**217,322**	245,790
Bills payables	**760**	3,789
	218,082	249,579

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

	2016 HK$'000	2015 HK$'000
Up to 30 days	**31,155**	35,059
31 – 60 days	**13,025**	18,977
61 – 90 days	**22,346**	28,600
91 – 120 days	**13,370**	21,621
Over 120 days	**16,580**	14,749
	96,476	119,006

All the Group's bills payables as at 31st March, 2016 and 2015 were due within 90 days.

The Group's trade and other payables and bill payables that are denominated in currencies, other than functional currencies of the relevant group entities as stated in note 31b, amounted to HK$124,918,000 (2015: HK$178,654,000).

27. BANK BORROWINGS

	2016 HK$'000	2015 HK$'000
Bank loans	**21,000**	–
Bank import loans	**4,543**	8,483
Bank overdraft	**–**	4,956
	25,543	13,439

All the Group's borrowings are unsecured and carry variable interest rates at Hong Kong Interbank Offered Rate plus certain basis points from 1.65% to 1.75% (2015: 1.75% to 2.25%) and bank overdraft at the Hong Kong Dollar Prime Rate. The range of effective interest rates on the Group's borrowings is at 1.75% to 1.95% (2015: 1.90% to 3.25%) per annum. The Group's borrowings that are denominated in currencies, other than functional currencies of the relevant group entities as stated in note 31b, amounted to HK$15,543,000 (2015: HK$8,052,000).

28. DEFERRED TAXATION

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

	Undistributed profits in associate HK$'000	Accelerated tax depreciation HK$'000	Temporary differences on allowance for receivables HK$'000	Total HK$'000
At 1st April, 2014	12,885	159	(213)	12,831
Charge (credit) to profit or loss	5,131	(126)	112	5,117
Dividend withholding tax paid	(727)	–	–	(727)
At 31st March, 2015	17,289	33	(101)	17,221
Charge (credit) to profit or loss	6,628	224	(238)	6,614
Dividend withholding tax paid	(780)	–	–	(780)
Exchange realignment	(767)	–	–	(767)
At 31st March, 2016	**22,370**	**257**	**(339)**	**22,288**

28. DEFERRED TAXATION (continued)

For the purpose of the 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$25,800,000 (2015: HK$12,000,000) and temporary differences on allowance for receivables of HK$900,000 (2015: HK$600,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses for both years. The unrecognised tax losses may be carried forward indefinitely.

29. SHARE CAPITAL

	Number of shares		**Share capital**	
	2016	2015	**2016**	2015
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised				
2,000 million ordinary shares of HK$0.2 each	**2,000,000**	2,000,000	**400,000**	400,000

	Number of shares	Share capital
Issued and fully paid		
At 1st April, 2014 and 31st March, 2015	1,011,155	202,231
Repurchase of shares	(11,514)	(2,303)
At 31st March, 2016	999,641	199,928

29. SHARE CAPITAL (continued)

During the year, the Company repurchased its own shares through the Hong Kong Stock Exchange as follows:

Month of repurchase	No. of ordinary shares at HK$0.20 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
July 2015	6,398,000	1.35	1.05	7,692
September 2015	2,210,000	1.45	1.31	3,030
January 2016	2,906,000	1.85	1.74	5,291
	11,514,000			16,013

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's shares during both years.

30. 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.

31. FINANCIAL INSTRUMENTS

31a. Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**277,064**	206,148
Available-for-sale investments	**2,739**	2,739
FVTPL		
Held for trading investments	**344**	–
Financial liabilities		
Financial liabilities at amortised cost	**181,864**	204,569

31b. 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, interest risk, other price 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.

31. FINANCIAL INSTRUMENTS (continued)

31b. Financial risk management and policies (continued)

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 93% (2015: 79%) of the Group's sales are denominated in currencies other than the functional currency of the group entities making the sale, whilst approximately 91% (2015: 93%) of purchases of raw materials are denominated in currencies other than the functional currency of the group entities.

The carrying amount of the Group's significant monetary assets, including trade and other receivables, bills receivables, pledged bank deposit, bank balance and cash and monetary liabilities, including trade and other payables and bank borrowings, denominated at the currencies other than the functional currency of the relevant group entity, at the end of reporting period are as follows:

	Assets		**Liabilities**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Renminbi ("RMB")	**128,300**	83,773	**97,875**	125,414
Taiwan dollars ("NT$")	**3,591**	13,864	**27**	53
Japanese Yen ("JPY")	**123**	62	**815**	1,407
United States dollars ("US$")	**75,788**	79,376	**41,744**	48,187

31. FINANCIAL INSTRUMENTS (continued)

31b. Financial risk management and policies (continued)

Market risks (continued)

(i) *Currency risk* (continued)

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.

	2016	2015
	HK$'000	*HK$'000*
RMB	**(1,270)**	1,652
NT$	**(149)**	(577)
JPY	**29**	56

For the group entities with functional currencies in the HK$, as the HK$ is pegged to the US$, the exposure of a fluctuation in exchange risk of the HK$ against the US$ 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 variable-rate bank balances and bank borrowings (see note 27 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The management monitors the fair value interest rate risk exposed and considers it is insignificant as the bank borrowings carry variable interest rates and interest rates are at low level. Accordingly, no sensitivity analysis is presented.

31. FINANCIAL INSTRUMENTS (continued)

31b. Financial risk management and policies (continued)

Market risks (continued)

(iii) Equity price risk

The Group is exposed to equity price risk through their held for trading investments. The Group's equity price risk is concentrated on equity instruments quoted on the Stock Exchange. The management manages the exposure to price risk by maintaining a portfolio of investments with different risk and return profiles. The management considers the Group's exposure to equity price risk insignificant as the amount of held for trading investment is immaterial and accordingly, no sensitivity analysis is presented.

Credit risk

As at 31st March, 2016, 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 a 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 a good payment history, accounted for 16% (2015: 21%) 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.

31. FINANCIAL INSTRUMENTS (continued)

31b. Financial risk management and policies (continued)

Liquidity risk (continued)

As at 31st March, 2016, the Group's banking facilities amounted to approximately HK$195,000,000 (2015: HK$148,000,000) of which approximately HK$28,792,000 (2015: HK$19,289,000) were utilised for issuance of letters of credit, bills payables and bank borrowings.

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.

	On demand or less than 3 months *HK$'000*
2016	
Non-derivative financial liabilities	
Trade and other payables	**156,321**
Bank borrowings – variable rate	**25,543**
	181,864

	On demand or less than 3 months *HK$'000*
2015	
Non-derivative financial liabilities	
Trade and other payables	191,130
Bank borrowings – variable rate	8,483
Bank overdraft	4,956
	204,569

31. FINANCIAL INSTRUMENTS (continued)

31c. Fair value measurements of financial instruments

The Group's financial asset is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial asset is determined.

Financial assets	Fair value as at 31st March, 2016 HK$'000	Fair value as at 31st March, 2015 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Held for trading investments (see note 24)	**344**	–	**Level 1**	Quoted bid prices in an active market

Except as detailed in the above table, the fair value of the Group's financial assets and financial liabilities are not measured at fair value on a recurring basis:

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a 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.

32. CAPITAL COMMITMENT

	2016 HK$'000	2015 HK$'000
Expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of plant and machinery	**16,161**	16,975

33. OPERATING LEASE COMMITMENT

The Group as lessor

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2016	2015
	HK$'000	HK$'000
Within one year	379	–
In the second to fifth years inclusive	758	–
	1,137	–

The amounts represent rentals receivable by the Group for the leasing of unutilised office premise classified as investment properties. Leases are generally negotiated for initial terms of three years.

The Group as lessee

Minimum lease payments paid under operating leases for rented premises and rented motor vehicles during the year amounted to approximately HK$5,217,000 (2015: HK$4,521,000) and HK$748,000 (2015: HK$780,000) 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:

	2016		2015	
	Rented premises	Motor vehicles	Rented premises	Motor vehicles
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	4,348	604	3,688	593
In the second to fifth year inclusive	8,622	927	7,202	928
More than five years	1,820	–	–	–
	14,790	1,531	10,890	1,521

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.

34. SHARE AWARD SCHEME

The purpose of the share award scheme is to recognise and motivate the contribution of certain qualifying person and to provide incentives and help the Group in retaining its existing qualifying person and recruiting additional qualifying person for the continual operation and development of the Group and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

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 upon retirement age of 65 or the fifth year of service with the relevant selected participants in accordance with the provisions of the scheme. When the selected participant has satisfied all vesting conditions specified by the board at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that qualifying person.

Recognition of equity-settled share-based payment expenses under share award scheme during the year was HK$2,188,000 (2015: HK$1,935,000). During the year ended 31st March, 2016, 480,000 shares (2015: 812,000 shares) were transferred to the awardees upon vesting, the related cost of the awarded shares vested amounted to HK$758,000 (2015: HK$1,161,000) were credited to “shares held for share award scheme” and the related staff costs of the award shares vested amounted to HK$758,000 (2015: HK$1,161,000) were debited to the share award reserve.

34. SHARE AWARD SCHEME (continued)

(i) Movements in the number of awarded shares and their related average fair value were as follows:

	Number
At 1st April, 2014	3,400,000
Awarded *(note a)*	4,070,000
Lapsed	(40,000)
Vested *(note b)*	(812,000)
At 31st March, 2015	6,618,000
Awarded *(note a)*	2,648,000
Vested *(note b)*	(480,000)
At 31st March, 2016	**8,786,000**

Notes:

(a) All the awarded shares are purchased from the market.

(b) These represent awarded shares vested during the year.

(c) At 31st March, 2015 and 2016, the fair value of the awarded shares on the grant date during the year was determined based on the quoted share price of the Company on that date.

(ii) Details of the awarded shares vested are as follows:

Date of award	**Year ended 31st March Number of awarded shares vested**		**Cost of related awarded shares**	
	2016	2015	**2016**	2015
			$'000	*$'000*
25th August, 2014	**–**	812,000	**–**	1,161
25th September, 2015	**480,000**	–	**758**	–

34. SHARE AWARD SCHEME (continued)

(iii) The remaining vesting periods of the awarded shares outstanding are as follows:

Remaining vesting period	At 31st March Number of awarded shares **2016**	2015
Less than 5 years	**2,737,600**	1,278,000
More than 5 years	**6,048,400**	5,340,000
	8,786,000	6,618,000

35. 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$7,894,000 (2015: HK$8,067,000) represents contributions payable to these schemes by the Group in respect of the current year.

36. ACQUISITION OF A SUBSIDIARY

In August 2015, the Group acquired an additional 50% equity interest in 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 a 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
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 outflow arising from an acquisition	
Cash consideration paid	(312)
Less: bank balances and cash acquired	632
	320

Included in the profit for the year ended 31st March, 2016 is approximately HK$525,000 attributable to the additional business generated by the newly acquired subsidiary. Group revenue for the year ended 31st March, 2016 includes HK$30,301,000 attributable to the newly acquired subsidiary.

36. ACQUISITION OF A SUBSIDIARY (continued)

Had the acquisition been completed on 1st April, 2015, total group revenue for the year would have been HK$916,321,000, and profit for the year would have been HK$223,672,000. 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.

37. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors during the year was as follows:

	2016	2015
	HK$'000	*HK$'000*
Short-term benefits	**7,954**	9,334
Share-based payment expenses	**118**	71
Post-employment benefits	**266**	345
	8,338	9,750

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

38. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into arrangements for transfers of financial assets to suppliers of HK$19,435,000 (2015: HK$17,265,000).

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2016 HK$'000	2015 HK$'000
Non-current assets		
Investments in subsidiaries	**83,384**	83,384
Current assets		
Amounts due from subsidiaries	**456,515**	368,669
Other assets	**775**	534
Tax recoverable	**–**	33
	457,290	369,236
Current liabilities		
Accrued charges	**5,393**	5,460
Amounts due to subsidiaries	**60,793**	17,380
	66,186	22,840
Net current assets	**391,104**	346,396
Net assets	**474,488**	429,780
Capital and reserves		
Share capital	**199,928**	202,231
Reserves	**274,560**	227,549
	474,488	429,780

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement of reserves

	Share premium	Capital redemption reserve	Contributed surplus	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2014	126,763	7,829	49,259	32,548	216,399
Profit and total comprehensive income for the year	–	–	–	41,485	41,485
Dividends recognised as distribution	–	–	–	(30,335)	(30,335)
At 31st March, 2015	126,763	7,829	49,259	43,698	227,549
Repurchase of ordinary shares	(16,013)	2,303	–	–	(13,710)
Profit and total comprehensive income for the year	–	–	–	100,823	100,823
Dividends recognised as distribution	–	–	–	(40,102)	(40,102)
At 31st March, 2016	**110,750**	**10,132**	**49,259**	**104,419**	**274,560**

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.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) Details of the Company's principal subsidiaries at 31st March, 2016 and 2015 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 2016	2015	Principal activities
Billion Power Investment Limited *(Notes 1 & 2)*	Incorporated	Hong Kong	HK$1	**100%**	100%	Investment holding
Crown Capital Holdings Limited ("Crown Capital") *(Note 1 & 2)*	Incorporated	BVI	HK$80,000,000	**47%**	47%	Investment holding
Faith Crown International Limited *(Note 1)*	Incorporated	BVI	US$1	**100%**	100%	Investment holding
Jiangmen Yeebo Electronic Technology Ltd. *(Note 1)* 江門億都電子科技有限公司	Wholly-owned foreign enterprise	The PRC	US$3,708,314 registered capital	**100%**	100%	Manufacture of LCMs
Jiangmen Yeebo Semiconductor Co., Ltd. *(Note 1)* 江門億都半導體有限公司	Wholly-owned foreign enterprise	The PRC	US$53,001,371 registered capital	**100%**	100%	Manufacture of LCDs and LCMs
Yeebo (B.V.I.) Limited *(Notes 1 & 2)*	Incorporated	BVI	US$8,100	**100%**	100%	Investment holding
Yeebo Display Limited *(Note 1)*	Incorporated	Hong Kong	HK$10,000	**100%**	100%	Trading of LCDs and LCMs
Yeebo LCD Limited *(Note 1)*	Incorporated	Hong Kong	HK$10,000	**100%**	100%	Trading of LCDs and LCMs and Investment holding
Yeebo Manufacturing Limited *(Note 1)*	Incorporated	Hong Kong	HK$10,000	**100%**	100%	Trading of LCDs and LCMs
深圳億都電子科技有限公司 *(Note 1)*	Wholly-owned foreign enterprise	The PRC	RMB20,000,000 registered capital	**100%**	100%	Manufacture of LCD-related products

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) Details of the Company's principal subsidiaries at 31st March, 2016 and 2015 were as follows: (continued)

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

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of the non-wholly owned subsidiary of the Company that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	**2016**	2015	**2016**	2015
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Crown Capital	BVI	**53%**	53%	**20,639**	20,283	**33,901**	20,093
Individual immaterial subsidiaries with non-controlling interests				**1,902**	2,248	**1,688**	373
				22,541	22,531	**35,589**	20,466

Summarised financial information in respect of the Group's subsidiaries that has a material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Crown Capital

	2016	2015
	HK$'000	*HK$'000*
Current assets	**9,461**	1,041
Current liabilities	**(2,003)**	(858)
Non-current assets	**63,969**	38,307
Equity attributable to owners of the Company	**37,526**	18,397
Non-controlling interest	**33,901**	20,093

	2016	2015
	HK$'000	*HK$'000*
Revenue	**40,647**	38,307
Expenses	**(1,145)**	(499)
Profit for the year	**39,502**	37,808
Profit and total comprehensive income attributable to owners of the Company	**18,863**	17,525
Profit and total comprehensive income attributable to non-controlling interests	**20,639**	20,283
Profit and total comprehensive income for the year	**39,502**	37,808
Net cash inflow from operating activities	**8,420**	–
Net cash outflow from investing activities	**(7,381)**	–
Net cash inflow	**1,039**	–

FINANCIAL SUMMARY

	For the year ended 31 March				
	2012	2013	2014	2015	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
	(restate)				
Revenue	741,660	816,489	892,041	918,940	**910,654**
Profit before income tax	104,181	95,332	117,641	249,518	**243,985**
Income tax expense	(12,003)	(10,844)	(12,994)	(18,438)	**(20,440)**
Profit for the year	92,178	84,488	104,647	231,080	**223,545**
Attributable to:					
Owners of the Company	93,139	89,742	105,345	208,549	**201,004**
Non-controlling interests	(961)	(5,254)	(698)	22,531	**22,541**
	92,178	84,488	104,647	231,080	**223,545**

ASSETS AND LIABILITIES

	As at 31st March				
	2012	2013	2014	2015	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	1,089,766	1,166,247	1,297,108	1,518,563	**1,642,227**
Total liabilities	(211,589)	(220,180)	(280,494)	(304,385)	**(298,019)**
	878,177	946,067	1,016,614	1,214,178	**1,344,208**
Equity attributable to owners of the Company	875,554	948,539	1,018,799	1,193,712	**1,308,619**
Non-controlling interests	2,623	(2,472)	(2,185)	20,466	**35,589**
	878,177	946,067	1,016,614	1,214,178	**1,344,208**