



YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

2017/18

INTERIM REPORT



CHAIRMAN'S STATEMENT

Dear Shareholders,

I take pleasure in presenting to our shareholders the results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September 2017.

For the period under review, the Group recorded an increase of 9% consolidated turnover to HK\$515 million whereas the profit attributable to owners of the Company decreased by 290 million to HK\$76 million. The drop in profit was mainly due to the non-recurring gain of HK\$291 million (net of tax) on deemed dilution of interests in Nantong Jianghai Capacitor Company Limited ("Nantong Jianghai"), an associate of the Group in last year. Excluding the aforesaid gain, the Group posted a profit attributable to owners of the company of HK\$76 million as compared to HK\$75 million in last year. The improvement in profit was mainly attributed by the increase in the share of profit of Nantong Jianghai. This was partly offset by the decrease in (1) the operating profit of the core business due to stagnant demand in Liquid Crystal Displays ("LCD") and thinner profit margin as a result of keen price competition and (2) the share of profit of Kunshan Visionox Technology Limited ("Visionox Technology") after its disposal of a subsidiary in late 2016.

In the first half of the current financial year, the core business recorded a drop in gross profit margin for the following reasons: (1) sales drop in the LCDs; (2) intensive price competition in display market and (3) high initial product development cost and lead time for the Capacitive Touch Panel ("CTP") and Thin Film Transistor ("TFT") modules.

The Group's shareholding in Nantong Jianghai, whose shares are listed in the Shenzhen Stock Exchange, was diluted from 37.5% to 31.84% pursuant to a non-public issue of A shares ("the Allotment") completed in September, 2016. The Allotment raised RMB1.2 billion new capital for expanding the thin film capacitor and super capacitor business. Furthermore, the Allotment resulted in an one-off gain on deemed disposal of approximately HK\$291 million (net of tax) recognized by the Group in the previous financial year. In the period under review, excluding the financial impact of the aforesaid gain on deemed disposal, the Group's share of Nantong Jianghai's profit increased by HK\$9 million to HK\$43 million. The aluminium electrolytic capacitors market exhibited a strong demand which translated to a remarkable growth in sales and profit. The new energy segments like photo voltaic, wind power, electric vehicle are expected to have profound market potential, and Nantong Jianghai's strong technical expertise in both thin film and super capacitors would certainly help opening up these target markets. With the backdrop of the current favorable trading environment in aluminium electrolytic capacitors and the good prospects represented by both thin film and super capacitors, we believe Nantong Jianghai will continue to command a sustainable leading edge in the capacitor industry.

The share of profit of Kunshan Visionox Display Co. Ltd. ("Visionox Display", a 43.87% owned associate) and Kunshan Visionox Technology (a 35.1% owned associate) was HK\$12 million, which was lower than last year by HK\$10 million. The decrease in the share of profit was mainly due to the disposal of a subsidiary by Visionox Technology and the recognition of gain on disposal fixed asset in last year. The overall market conditions of Organic Light-emitting Diodes ("OLED") continued to be favourable. To leverage on its technical expertise and operating experience in OLED industry, Visionox Technology has diversified its operation through upward vertical integration and a manufacturing plant to produce thin glass for OLED products has been set up in the Jiangxi province. We expect Visionox Technology will continue to contribute decent return to the Group.

Looking forward, the Group will leverage on its well established modules manufacturing experience and further develop the LCD, TFT and CTP related modules business to enhance our profitability. Resources will be devoted to (1) strengthen our product development capability; (2) step up production automation to enhance the production yield and labour efficiency and (3) optimize the customer portfolio.

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

Fang Hung, Kenneth

Chairman

Hong Kong, 29th November, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a consolidated turnover for the 6 months ended 30th September, 2017 of approximately HK\$515 million (2016: HK\$474 million), an increase of HK\$41 million or 9% as compared with the same period of last year. Profit attributable to owners of the Company was HK\$76 million (2016: HK\$366 million), representing a decrease of approximately HK\$290 million. The decrease in profit was mainly due to the non-recurrence of the gain on deemed dilution of the Group's shareholdings in Nantong Jianghai Capacitor Company Ltd ("Nantong Jianghai") from 37.5% to 31.84%, which amounted to approximately HK\$291 million (after netting off the related deferred tax) recorded in last year.

External sales of the Liquid Crystal Displays ("LCD") decreased by HK\$15 million, from HK\$169 million to HK\$154 million. Such decrease was mainly attributable to the fall in demand in LCD in certain market segments and tightening of credit policy which inevitably affected the business volume. The LCD segment recorded a segment profit of HK\$9 million which represented a decrease of \$8 million as compared with last year. The fall in LCD segment profit was partly due to the decrease in sales and partly due to the keen price competition which affected the profit margin. Turnover of Liquid Crystal Display Modules ("LCM") increased by HK\$36 million, from HK\$288 million to HK\$324 million, and the LCM segment recorded a segment profit of HK\$29 million as compared with HK\$26 million of last year. The growth in both turnover and segment profit of LCM was mainly due to the sustaining growth in Thin Film Transistor ("TFT") module which commands a higher sales value and profit margin. The LCD-related products segment was related to Capacitive Touch Panel ("CTP"), which recorded a segment loss of HK\$295,000 (2016: HK\$3 million). As the price competition of the CTP market was very intensive, the Group has adopted a strategy of promoting LCM or TFT with CTP modules (CTP modules) in order to enhance the sales value and margin. Though the product development lead time of CTP module business is longer, the Group has gradually built up its customer portfolio.

The gross profit in current period increased to approximately HK\$82 million (2016: HK\$81 million) whereas the gross profit margin dropped from 17% to 16%. The drop in gross profit margin was largely due to the fall in sales of LCD and lower absorption of fixed overhead as a result of lower production volume in the current period.

During the period, other income amounted to approximately HK\$5 million (2016: HK\$5 million). The other income mainly comprised tooling income and scrap sales.

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

Selling and distribution expenses amounted to approximately HK\$36 million (2016: HK\$35 million) and maintained at 7% of turnover (2016: 7%). The increase in the absolute amount was mainly due to promotional expenses and the increase in doubtful debt provision which was in line with the increase in accounts receivable. The management has taken steps to tighten the credit control policy and at the same time striven to solicit new customers with good credit records.

Administrative expenses amounted to HK\$15 million (2016: HK\$14 million) and maintained at about 3% of sales (2016: 3%). The increase was mainly due to staff-related costs.

Investments in Associates

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

Nantong Jianghai, an associate of the Group, is mainly engaged in the manufacture and sales of aluminum electrolytic, thin film and super capacitors, and the production and sales of aluminum formed foil for high-performance aluminum electrolytic capacitors. Nantong Jianghai has completed a non-public new issue of A shares in September 2016 (the “Allotment”). Pursuant to the Allotment, the Group recorded a gain on deemed dilution of approximately HK\$291 million (after netting off the related deferred tax) in last year, and its shareholding in Nantong Jianghai has decreased from 37.50% to 31.84%.

Excluding the gain on deemed dilution and taking into account the dilution effect after the Allotment the share of profit from Nantong Jianghai for the period under review increased from HK\$34 million to HK\$43 million, representing an increase of HK\$9 million or 26%. The demand of aluminium electrolytic capacitors continued to grow and Nantong Jianghai registered a solid sales growth in the current period in the white goods, inverters, uninterrupted power supply and new energy market arena. Thin film capacitors sales were picking up progressively. Super capacitors business was developing with penetration into the telecommunication and new energy supply market segments.

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

The share of profit in Visionox Display and Visionox Technology, which is mainly engaged in sales and manufacture of Organic Light-emitting Diodes (“OLED”), amounted to HK\$12 million as compared to HK\$22 million in last year. The decrease was mainly due to the disposal of a subsidiary by Visionox Technology in late 2016. Excluding the aforesaid effect, the business performance was stable. Thanks to the adoption of the diversification strategy, Visionox Technology has penetrated into new market segments to maintain the sales growth. On the other hand, the new factory set up for manufacturing thin glasses for OLED product started to make a small profit contribution to Visionox Technology in the current period.

Investment in Zaozhuang Visionox Electronic Technology Company Ltd (Zaozhuang Visionox)

Zaozhuang Visionox, a 40% associate of the Group, is situated in the Shandong Province. It is mainly engaged in the manufacture and sales of flexible printed circuits and OLED related materials. The investment cost was RMB16 million. At the early stage of its operation, the Group’s share of profit in the current period amounted to HK\$768,000.

Income Tax

Effective tax rate in relation to the Group's core business (income tax expenses as a percentage of profit before income tax excluding share of results of associates and gain on deemed dilution of interests in an associate, withholding tax on undistributed profits in associates of HK\$3 million (2016: HK\$4 million) and deferred tax on gain on deemed dilution of interests in an associate of nil (2016: HK\$32 million)) was 18% (2016: 24%). The change was mainly due to the reduction in loss incurred in the CTP segment during the current period.

PROSPECTS

Looking forward, we expect the monochrome display and the TFT modules business to have seasonal adjustments in the second half of the financial year. Keen price competition was the key challenge to the Group's profitability. With the well diversified customers portfolio and the well established cross-sell capability in LCDs, LCMs, TFTs and CTPs, the management strongly believes that we have a solid foothold to capture new and high margin business to enhance the business performance. On the other hand, Nantong Jianghai and Visionox Technology will continue to make lucrative contribution to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2017, the Group's current ratio was 1.2 (31st March, 2017: 1.3). The gearing ratio, as a ratio of bank borrowings to net worth, was 2.3% (31st March, 2017: 2.9%).

As at 30th September, 2017, the Group had total assets of approximately HK\$2,170 million, which were financed by liabilities of HK\$495 million and total equity of HK\$1,675 million.

As at 30th September, 2017, the Group's banking facilities amounted to approximately HK\$222 million (31st March, 2017: HK\$222 million) of which approximately HK\$40 million (31st March, 2017: HK\$50 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

Jiangmen Yeebo Semiconductor Co., Ltd. (江門億都半導體有限公司) ("Jiangmen Yeebo Semiconductor"), a wholly-owned subsidiary of the Company incorporated in the PRC, is being sued in the court of Jiangmen City, Guangdong Province, PRC, by a contractor for outstanding contract sum of RMB274,000 and accrued interest of RMB169,000 (totaling RMB443,000 equivalent to HK\$520,000) plus incidental legal and court fees. Management is of the opinion that the case is of no merit and will vigorously defend Jiangmen Yeebo Semiconductor's position in legal proceeding. No provision has been made as the outcome of the case is uncertain.

As at 30th September, 2017, bank deposit of HK\$20 million (31st March, 2017: HK\$25 million) has been pledged to secure the banking facilities granted to a PRC entity, which is owned by certain management personnel of Visionox Technology. The banking facilities have a term of three years starting from March 2016. The pledged bank deposit will be released upon the settlement of the relevant bank borrowings.

Other than the above, the Group did not have any significant contingent liabilities and there were no significant charges or pledges on any of the Group's assets as at 30th September, 2017 and 31st March, 2017.

EMPLOYMENT AND REMUNERATION POLICY

The remuneration package for the Group's employees is structured by reference to market terms and industry's practice. Discretionary bonus and other performance reward are based on the financial performance of the Group and the performance of individual staff. Staff benefit plans maintained by the Group include mandatory and voluntary provident fund scheme and medical insurance.

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

DIVIDEND

The Directors have resolved not to recommend the payment of an interim dividend for the six months ended 30th September, 2017.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 30th September, 2017, the interests and short positions of the Directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

Long position in the share of the Company

	Personal interests	Number of shares and nature of interests through controlled corporations	Total	Percentage of Company’s issued capital
Mr Fang Hung, Kenneth	20,130,000	–	20,130,000	2.01%
Mr Li Kwok Wai, Frankie (Note (i))	69,628,381	570,000,000	639,628,381	63.99%
Mr Leung Tze Kuen (Note (ii))	1,240,000	–	1,240,000	0.12%

Notes:

- (i) Antrix Investment Limited owns 570,000,000 shares of the Company. Mr Li Kwok Wai, Frankie beneficially owns 41.70% of the issued share capital of Antrix Investment Limited.
- (ii) The 1,240,000 shares represent shares granted under the share award scheme of the Company and are subject to the satisfactory fulfilment of vesting conditions.

Save as disclosed above, as at 30th September, 2017, none of the Directors, the chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2017, the following interests and short position of 5% or more in the shares and underlying shares of the Company were recorded in register maintained by the Company pursuant to Section 336 of the SFO.

Long position in the shares of the Company

	Capacity and nature of interest	Number of shares held	% of the Company's issued share capital
Antrix Investment Limited (<i>Note</i>)	Directly beneficially owned	570,000,000	57.02%
Esca Investment Limited (<i>Note</i>)	Indirectly beneficially owned	570,000,000	57.02%
Megastar Venture Limited (<i>Note</i>)	Indirectly beneficially owned	570,000,000	57.02%
Fang Brothers Holdings Limited (<i>Note</i>)	Indirectly beneficially owned	570,000,000	57.02%

Note: Antrix Investment Limited is held as to 58.30% 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 share capital) and 41.70% 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 30th September, 2017, the Company was not notified by any persons who had interests or short positions of 5% or more in the shares and underlying shares of the Company which is required to be recorded under Section 336 of the SFO.

CORPORATE GOVERNANCE

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

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

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30th September, 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of securities of the Company or by any of its subsidiaries during the six months ended 30th September, 2017.

AUDIT COMMITTEE

The Audit Committee comprises all of the three independent non-executive Directors, namely Mr Tien Pei Chun, James, Mr Chu Chi Wai, Allan and Mr Lau Yuen Sun, Adrian; as well as Mr Fang Yan Tak, Douglas, non-executive Director. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September, 2017.

Deloitte.

德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Yeebo (International Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 26, which comprise the condensed consolidated statement of financial position as of 30th September, 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29th November, 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2017

	NOTES	Six months ended 30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Revenue	3	514,722	473,743
Cost of sales		(432,973)	(392,346)
Gross profit		81,749	81,397
Other income		5,114	5,222
Interest income		67	136
Other gains and losses	4	214	158
Selling and distribution expenses		(36,467)	(35,077)
Administrative expenses		(14,715)	(14,378)
Finance costs		(697)	(241)
Share of results of associates		55,593	55,490
Gain on deemed dilution of interests in an associate	5	–	323,713
Profit before income tax		90,858	416,420
Income tax expense	6	(9,672)	(44,983)
Profit for the period	7	81,186	371,437
Other comprehensive income: <i>Items that may be subsequently reclassified to profit or loss:</i>			
Share of other comprehensive income of associates		56,093	(30,594)
Exchange differences on translation of foreign operations		(2,267)	(874)
Total comprehensive income for the period		135,012	339,969
Profit for the period attributable to:			
Owners of the Company		76,239	366,444
Non-controlling interests		4,947	4,993
		81,186	371,437
Total comprehensive income attributable to:			
Owners of the Company		128,767	336,286
Non-controlling interests		6,245	3,683
		135,012	339,969
Earnings per share			
Basic – HK cents	9	7.6	36.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER, 2017

	NOTES	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	256,106	271,837
Investment properties		1,059	1,109
Prepayment for acquisition of property, plant and equipment		4,079	6,213
Interests in associates	5	1,364,225	1,269,215
Available-for-sale investments		2,739	2,739
Intangible assets		1,459	1,459
Pledged bank deposit		19,516	25,124
		1,649,183	1,577,696
Current assets			
Inventories		166,482	143,117
Trade and other receivables	11	280,380	215,398
Bills receivables	11	35,599	23,359
Amounts due from associates		134	105
Held for trading investment		210	289
Bank balances and cash		38,016	36,425
		520,821	418,693
Current liabilities			
Trade and other payables	12	315,926	268,833
Bills payables	12	823	1,212
Dividend payable	8	59,978	–
Bank borrowings		38,691	46,971
Tax payable		15,643	15,040
		431,061	332,056
Net current assets		89,760	86,637
Total assets less current liabilities		1,738,943	1,664,333

	<i>NOTES</i>	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Non-current liabilities			
Deferred tax liabilities		63,843	60,160
		1,675,100	1,604,173
Capital and reserves			
Share capital	<i>13</i>	199,928	199,928
Reserves		1,443,612	1,377,342
Equity attributable to owners of the Company		1,643,540	1,577,270
Non-controlling interests		31,560	26,903
Total equity		1,675,100	1,604,173

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2017

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve (Note)	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for award scheme	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2016 (audited)	199,928	110,750	2,125	10,132	61,574	2,389	(16,096)	937,817	1,308,619	35,589	1,344,208
Profit for the period	-	-	-	-	-	-	-	366,444	366,444	4,993	371,437
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	(30,158)	-	-	-	(30,158)	(1,310)	(31,468)
Total comprehensive income for the period	-	-	-	-	(30,158)	-	-	366,444	336,286	3,683	339,969
Shares purchased for share award scheme	-	-	-	-	-	-	(4,680)	-	(4,680)	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme	-	-	-	-	-	2,787	-	-	2,787	-	2,787
Shares vested under share award scheme	-	-	-	-	-	(1,828)	1,828	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(12,884)	(12,884)
Dividend – declared (Note 8)	-	-	-	-	-	-	-	(99,964)	(99,964)	-	(99,964)
At 30th September, 2016 (unaudited)	199,928	110,750	2,125	10,132	31,416	3,348	(18,948)	1,204,297	1,543,048	26,388	1,569,436
At 1st April, 2017 (audited)	199,928	110,750	2,125	10,132	(11,657)	4,679	(18,948)	1,280,261	1,577,270	26,903	1,604,173
Profit for the period	-	-	-	-	-	-	-	76,239	76,239	4,947	81,186
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	52,528	-	-	-	52,528	1,298	53,826
Total comprehensive income for the period	-	-	-	-	52,528	-	-	76,239	128,767	6,245	135,012

Attributable to owners of the Company

	Share capital	Share premium	Capital reserve <small>(Note)</small>	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for award scheme	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Shares purchased for share award scheme	-	-	-	-	-	-	(4,680)	-	(4,680)	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme	-	-	-	-	-	2,161	-	-	2,161	-	2,161
Shares vested under share award scheme	-	-	-	-	-	(1,900)	1,900	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,588)	(1,588)
Dividend – declared (Note 8)	-	-	-	-	-	-	-	(59,978)	(59,978)	-	(59,978)
At 30th September, 2017 (unaudited)	199,928	110,750	2,125	10,132	40,871	4,940	(21,728)	1,296,522	1,643,540	31,560	1,675,100

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2017

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Net cash from operating activities	746	6,931
Investing activities		
Capital contribution to an associate	(18,038)	–
Purchase of property, plant and equipment	(4,409)	(14,074)
Prepayment for acquisition of property, plant and equipment	(941)	(14,035)
Dividend received from the associates, net of withholding tax	32,392	14,139
Withdrawal of pledged bank deposit	5,608	–
Dividend received from available-for-sale investments	104	110
Interest income	67	136
Proceeds from disposals of property, plant and equipment	66	84
Proceeds on share capital reduction of an associate	–	48,120
Net cash from investing activities	14,849	34,480
Financing activities		
Repayment of bank borrowings	(120,433)	(25,543)
Payment for purchase of shares for share award scheme	(4,680)	(4,680)
Dividends paid to non-controlling interests	(1,588)	(12,884)
Interest paid	(697)	(241)
Bank borrowings raised	103,796	16,069
Net cash used in financing activities	(23,602)	(27,279)
Net (decrease) increase in cash and cash equivalents	(8,007)	14,132
Effect of change in exchange rates	1,241	(1,529)
Cash and cash equivalents at beginning of the period	36,425	43,591
Cash and cash equivalents at end of the period, represented by	29,659	56,194
Bank balances and cash	38,016	56,194
Bank overdrafts	(8,357)	–
	29,659	56,194

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2017

1. BASIS OF PREPARATION

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

Significant events and transactions in the prior interim period

In prior period ended 30th September, 2016, the listed associate of the Group, Nantong Jianghai Capacitor Company Ltd (“Nantong Jianghai”) issued additional 94,562,647 shares to other investors through non-public offering. Pursuant to this offering, the Group’s shareholding in Nantong Jianghai had been diluted from 37.5% to 31.84%. The difference of share of net assets by the Group due to such deemed dilution of interests is recognised as gain on deemed dilution of interest in the period ended 30th September, 2016. The details have been disclosed in note 5.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended 30th September, 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2017.

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of Annual Improvements to HKFRSs 2014-2016 Cycle

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

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31st March, 2018.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), the executive directors and senior management, for the purposes of resource allocation and performance assessment, focus on the types of products sold by the Group's operating divisions, which are liquid crystal displays ("LCDs"), liquid crystal display modules ("LCMs"), LCD-related optical products and LCD-related products.

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

Six months ended 30th September, 2017

	LCDs	LCMs	LCD-related optical products	LCD-related products	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue							
External sales	154,065	324,184	112	36,361	514,722	-	514,722
Inter-segment sales	50,399	-	-	4,170	54,569	(54,569)	-
Total	204,464	324,184	112	40,531	569,291	(54,569)	514,722
Segment profit (loss)	9,113	29,297	(548)	(295)			37,567
Interest income							67
Dividend income							104
Unallocated administrative costs							(1,776)
Finance costs							(697)
Share of results of associates							55,593
Profit before income tax							90,858

3. SEGMENT INFORMATION *(continued)*

Six months ended 30th September, 2016

	LCDs	LCMs	LCD-related optical products	LCD-related products	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue							
External sales	168,834	288,125	-	16,784	473,743	-	473,743
Inter-segment sales	56,410	-	-	2,060	58,470	(58,470)	-
Total	225,244	288,125	-	18,844	532,213	(58,470)	473,743
Segment profit (loss)	17,100	25,562	(31)	(3,178)			39,453
Interest income							136
Dividend income							110
Unallocated administrative costs							(2,241)
Finance costs							(241)
Share of results of associates							55,490
Gain on deemed dilution of interests in an associate							323,713
Profit before income tax							416,420

Segment profit (loss) represents the profit (loss) generated from/incurred by each segment, net of selling and distribution costs and administrative costs directly attributable to each segment without allocation of interest income, dividend income, unallocated administrative costs, finance costs, share of results of associates and gain on deemed dilution of interests in an associate. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
Loss on disposal of property, plant and equipment	(25)	(226)
Net exchange gain	239	384
	<hr/>	<hr/>
	214	158

5. INTERESTS IN ASSOCIATES/GAIN ON DEEMED DILUTION OF INTERESTS IN AN ASSOCIATE

	30.9.2017	31.3.2017
	HK\$'000	HK\$'000
Share of net assets		
Listed associate	1,141,466	1,074,750
Unlisted associates	222,759	194,465
	<hr/>	<hr/>
	1,364,225	1,269,215
	<hr/>	<hr/>
Fair value of listed investments	3,151,838	3,294,869

At 31st March, 2016, the Group held a 37.5% interest in Nantong Jianghai and accounted for the investment as an associate. During the period ended 30th September, 2016, pursuant to the non-public offering of shares of Nantong Jianghai to other investors, the Group's shareholding in Nantong Jianghai had been diluted from 37.5% to 31.84%.

The Group has retained the remaining 31.84% interest as interest in an associate. This transaction has resulted in the recognition of a gain on deemed dilution of interests in an associate in profit or loss in the period ended 30th September, 2016 and calculated as follows:

	HK\$'000
Share of net assets after dilution	1,080,578
Less: share of net assets before dilution	(756,865)
	<hr/>
Gain on deemed dilution of interest	323,713

6. INCOME TAX EXPENSE

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
The tax charge comprises:		
Current tax		
Hong Kong	3,747	5,128
Other jurisdictions	4,884	4,368
	8,631	9,496
Deferred taxation		
Current period	1,041	35,487
	9,672	44,983

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

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

Pursuant to the relevant law and regulations in the PRC, one of the Company's PRC subsidiaries was approved as a 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 a Hi-Tech Enterprise in 2015 by the relevant government and accordingly, PRC Enterprise Income Tax is provided at 15% for the period ended 30th September, 2017.

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

Pursuant to the above-mentioned Arrangement, the Group has recognised deferred tax liabilities for the Group's share of distributable profits earned by its PRC associates since 1st January, 2008. No deferred tax liabilities have been recognised in respect of the PRC subsidiaries as the Group is able to control the timing of the reversal of temporary differences of the subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	23,135	21,054
Share of tax of associates (included in share of results of associates)	7,898	6,014
Allowances for doubtful debts	2,675	2,486
Allowances for obsolete inventories (included in cost of sales)	4,301	5,296

8. DIVIDEND

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31st March, 2017 of HK6 cents per share (2016: HK5 cents per share for the year ended 31st March, 2016)	59,978	49,982
Special dividend in respect of the year ended 31st March, 2017 of nil (2016: HK5 cents per share for the year ended 31st March, 2016)	-	49,982
	59,978	99,964

9. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2017	30.9.2016
Earnings attributable to the owners of the Company for the purpose of basic earnings per share (HK\$'000)	76,239	366,444
Weighted average number of ordinary shares for the purpose of basic earnings per share	999,641,171	999,641,171

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

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group spent approximately HK\$7,483,000 (six-month period ended 30th September, 2016: HK\$17,428,000) on additions to the property, plant and equipment, which are mainly for the production of LCD and LCM products in the manufacturing plants in PRC.

11. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLES

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

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

	30.9.2017 <i>HK\$'000</i>	31.3.2017 <i>HK\$'000</i>
1 – 30 days	88,174	85,437
31 – 60 days	57,688	43,186
61 – 90 days	34,315	21,018
91 – 120 days	26,651	20,652
Over 120 days	28,492	12,812
	<hr/> 235,320	<hr/> 183,105

All the Group's bills receivables as at 30th September, 2017 and 31st March, 2017 were due within 180 days.

12. TRADE AND OTHER PAYABLES/BILLS PAYABLES

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

	30.9.2017 <i>HK\$'000</i>	31.3.2017 <i>HK\$'000</i>
Up to 30 days	78,213	57,058
31 – 60 days	35,050	24,970
61 – 90 days	33,855	23,722
91 – 120 days	25,647	20,557
Over 120 days	28,067	29,486
	<hr/> 200,832	<hr/> 155,793

All the Group's bills payables as at 30th September, 2017 and 31st March, 2017 were due within 90 days.

13. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised		
2,000 million ordinary shares of HK\$0.2 each	2,000,000	400,000
Issued and fully paid		
At 1st April, 2016, 31st March, 2017 and 30th September, 2017	999,641	199,928

14. 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 with the relevant selected participants in accordance with the provisions of the scheme.

The table below discloses movement of the Company's shares held under the scheme by the Group's employees:

	Number of shares
Outstanding as at 1st April, 2017	10,876,000
Forfeited during the period	(522,000)
Granted during the period	4,540,000
Vested during the period	(1,190,000)
Outstanding as at 30th September, 2017	13,704,000

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

15. CONTINGENT LIABILITIES

As at the end of the current interim period, a wholly-owned subsidiary of the Company incorporated in the PRC is being sued in the court of Jiangmen City, Guangdong Province, PRC, by a contractor for outstanding contract sum of RMB274,000 and accrued interest of RMB169,000 plus incidental legal and court fees. At present the management is unable to make a reliable estimate on the outcome.

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of 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		Fair value hierarchy	Valuation technique(s) and key input(s)
	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000		
Held for trading investments	210	289	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.

17. CAPITAL COMMITMENTS

	30.9.2017 HK\$'000	31.3.2017 HK\$'000
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
- acquisition of property, plant and equipment	20,977	25,731
Capital commitment for investment that is consolidated but not provided for:		
- investment in an unlisted associate	-	18,034

18. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

The Group's remuneration paid to the directors who represent the key management personnel of the Group are as follows:

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
Short-term benefits	5,477	4,640
Post-employment benefits	208	166
	<hr/>	<hr/>
	5,685	4,806
	<hr/>	<hr/>