YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

2022 | 23

Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. FANG Yan Tak, Douglas
Mr. LI Kwok Wai, Frankie
Mr. LEUNG Tze Kuen
Mr. CHEN Shuang, JP#
Mr. CHU Chi Wai, Allan*
Mr. LAU Yuen Sun, Adrian*
Professor LAU Kei May*

non-executive director
* *independent non-executive director*

COMPANY SECRETARY

Mr. LAU Siu Ki, Kevin

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
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

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

UBS AG
Hong Kong Branch
2 International Finance Centre
52/F, 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

BNP Paribas
Hong Kong Branch
59-63/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

EXECUTIVE DIRECTORS

FANG Yan Tak, Douglas, aged 50, is the Chairman of the Company and 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 was appointed as a Non-executive Director in June 2014, and re-designated as an executive director and appointed as the Chairman in September 2022.

LI Kwok Wai, Frankie, aged 65, is the Chief Executive Officer of the Company 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 Company as a Director in November 1995.

LEUNG Tze Kuen, aged 60, 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 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

CHEN Shuang, JP, aged 55, is currently the founding and managing partner of APlus Partners Management Co. Limited. Mr. Chen is also an independent non-executive director of Shanghai Zendai Property Limited, a company listed in The Stock Exchange of Hong Kong Limited. Previously Mr. Chen was an independent director of China Life Property & Casualty Insurance Company Limited and an independent director of Guotai Asset Management Co., Ltd., the chief executive officer and president of CIMC Capital Holdings Limited and also the chairman and president of CIMC Capital International Co. Ltd., a director and deputy general manager of China Everbright Holdings Co., Ltd.; an executive director, the chief executive officer and the chairman of the management decision committee of China Everbright Limited. Mr. Chen was also a director of a number of listed and private companies in Hong Kong and People's Republic of China. In addition, he also serves in various public offices including as a non-official member of the Governance Committee of the Hong Kong Growth Portfolio, a member of the board of directors of Hong Kong Science and Technology Parks Corporation, a member of the Exchange Fund Advisory Committee's Financial Infrastructure and Market Development Sub-Committee of the Hong Kong Monetary Authority. Mr. Chen graduated from the East China University of Political Science and Law with a Master of Law degree and a Diploma in Legal Studies from the School of Professional and Continuing Education of the University of Hong Kong. He is a qualified lawyer in the People's Republic of China and a senior economist. Mr. Chen has over 30 years of experience in commercial and investment banking. Mr. Chen joined the Company as an Independent Non-executive Director in September 2019 and was re-designated as a Non-executive Director in December 2020.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHU Chi Wai, Allan, aged 71, has over 51 years' experience in the electronics industry. Mr. Chu is the Executive Director of Fairable Investment Limited which is an investment holding company. Mr. Chu joined the Company as an Independent Non-executive Director in August 1998.

LAU Yuen Sun, Adrian, aged 68, 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 general manager of the Hong Kong branch from September 1994 to December 1996. He has served directorships in various listed companies in Hong Kong. Mr. Lau joined the Company as an Independent Non-executive Director in May 2004.

LAU Kei May, aged 68, is a Chair Professor of the Department of Electronic & Computer Engineering at the Hong Kong University of Science and Technology ("HKUST"). Prof. Lau received the B.S. and M.S. degrees in physics from the University of Minnesota, Minneapolis, and the PhD, Degree in Electrical Engineering from Rice University, Houston, Texas. Before joining HKUST in 2000, she had a brief stint in the electronics industry, and was a professor at the University of Massachusetts/Amherst for 18 years. Prof. Lau is a Fellow of the Institute of Electrical and Electronics Engineers ("IEEE"), the Optical Society ("OSA") and the Hong Kong Academy of Engineering Sciences. She is also a recipient of the Institute of Engineering and Technology (IET) J J Thomson Medal for Electronics, OSA Nick Holonyak Jr. Award, IEEE Photonics Society Aron Kressel Award, and Hong Kong Croucher Senior Research Fellowship. She served as an editor of professional journals in her field. Prof. Lau joined the Company as an Independent Non-executive Director in March 2021.

COMPANY SECRETARY

LAU Siu Ki, Kevin, aged 64, is the Company Secretary of the Company. 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

TSUI Siu Keung, aged 49, is the President responsible for the formation of overall strategic planning, business development and business management of LCD, LCM and CTP products. Mr. Tsui graduated from the Hong Kong Polytechnic University with a degree in manufacturing engineering. Mr. Tsui has over 23 years of experience in customer service management, sales, and marketing. Mr. Tsui has been involved in product development management since 2018. Mr. Tsui joined the Group in 2000.

YANG Zhao Hui, aged 51, is the Chief Executive Vice President responsible for the production management of Capacitive Touch Panel ("CTP"), touch screen display module and Physical Vapor Deposition("PVD"), and the management of the factory's equipment and power system. He has extensive experience in LCD and CTP manufacturing, PVD process, equipment management, maintenance and management of automation equipment and project management. Mr. Yang joined the Group in 2004.

HUANG Wen Huei, aged 48, is the Executive Vice President and the General Manager of the branch office in Taiwan, and responsible for facilitating and developing new business. Mr. Huang obtain the bachelor degree in chemical engineering at National Taiwan University, and the master's degree in business administration at FuJen Catholic University. He has over 21 years' experience in management of marketing, R&D, quality assurance and process technology. Mr. Huang joined the Group in 2004.

DIRECTORS AND SENIOR MANAGEMENT

HAN Yu Zhong, aged 66, is the Executive Vice President responsible for the overall Liquid Crystal Displays ("LCD") and Liquid Crystal Display Modules ("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 60, is the Executive Vice President responsible for the financial management and information technology of LCD and LCM business. Ms. Jia has extensive experience in accounting and taxation. She graduated from Guangdong Academy of Social Sciences in the People's Republic of China ("PRC") with a postgraduate diploma. Ms. Jia joined the Group in 1999.

CHEUNG Wai Man, aged 47, is the Vice President of the Group responsible for the direct investment management, investor relations and financial management. Mr. Cheung graduated from The Hong Kong Polytechnic University with a Bachelor of Arts (Honours) in Accountancy. He also holds a MBA degree from Fudan University, the PRC. Mr. Cheung is a member of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has extensive experience in auditing, mergers and acquisitions, operational and financial management. Mr. Cheung joined the Group in 2023.

XIE Hong Jun, aged 45, is the Vice President responsible for sales and marketing for certain areas in the PRC and overseas markets. Mr. Xie has 23 years' experience in LCD material control and marketing. Mr. Xie joined the Group in 2000.

XU Xiu Yan, aged 44, is the Vice President mainly responsible for sales and marketing for overseas market. Ms. Xu graduated from Guangdong University of Foreign Studies with a bachelor's degree in Business Management. Ms. Xu has been working in the field of customer service management, sales and marketing for over 20 years. Ms. Xu joined the Group in 2002.

Wu Geng Hau, aged 48, is the Vice President responsible for project management ("PM") and research and development ("R&D"). Mr. Wu obtains a master's degree in engineering from Feng Chia University in Taiwan. He has over 17 years' experience in management of PM, R&D and process technology. Mr. Wu joined the Group in 2006.

Yang Luan Xia, aged 46, is the Vice President responsible for the production and management of Liquid Crystal Display Modules ("LCM and TFT modules") and Capacitive Touch Panel module ("CTP"). Ms. Yang has over 25 years' experience of manufacturing and management experience in the LCD display industry, and is adept at target management and overall planning. Ms. Yang joined the Group in 2009.

XIE Wen Zhen, aged 52, is the Senior Manager responsible for the purchases of LCD, LCM and CTP and the material control. Ms. Xie graduated from Shaanxi University of Science & Technology with a Bachelor's Degree in Engineering. Ms. Xie joined in the Group in 2001.

YANG Ying Jun, aged 56, 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. Mr. Yang joined the Group in 2005.

DIRECTORS AND SENIOR MANAGEMENT

CHEN Chuan Hao, aged 47, is the Senior Manager responsible for sales and marketing in Japan and Taiwan. Mr. Chen graduated from the Japanese Department of National Chengchi University of Taiwan, and has extensive experience in handling high-demand Japanese customers. Mr. Chen joined the Group in 2009.

CHENG Yu Mei, aged 53, is the Senior Manager responsible for import and export business, logistics system management and factory safety management. She has over 20 years' experience in supply chain management system, possessing extensive management experience and in-depth expertise. Ms. Cheng joined the group in 1994.

LIU Xiu Zhen, aged 55, is the Senior Manager responsible for human resources training 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.

WU Hong Jin, aged 54, is the Senior Manager responsible for the factory management in Guangxi province. Mr. Wu has 31 years experience in LCD industry. He graduated from South China Normal University. Mr. Wu joined the Group in 2013.

Wang Xiao San, aged 49, is the Senior Manager responsible for PRC financial management, and has broad experience in finance, taxation and credit management. He is a senior accountant and a member of the China Certified Tax Agents Association. Mr. Wang joined the Group in 2006.

CAO Jun, aged 45, is the Senior Manager mainly responsible for sales and marketing for overseas market. Mr. Cao graduated from Wuyi University with a bachelor's degree in Telecommunications Engineering. Mr. Cao has been working in the field of customer service management, sales and marketing for 15 years, Mr. Cao joined the Group in 2008.

MOU Li Chang, aged 41, is the Senior Manager responsible for PVD coating process and equipment management, LCD process management and information technology operations. Mr. Mou graduated from Chongqing University with a bachelor's degree in Applied Physics. Mr. Mou has over 19 years of experience in product development and manufacturing and process management. Mr. Mou joined the Group in 2004.

YANG Xiao Dong, aged 41, is the Senior Manager responsible for the development of LCD and Displays products and the management of customer technical support. Mr. Yang has over 18 years of senior technical work experience in the LCD industry and graduated from Hebei University of Technology, one of the Project 211 Universities in China, majoring in LCD Physics. Mr. Yang joined the Group in 2005.

LUO Yong Sheng, aged 41, is the Senior Manager responsible for the engineering manufacturing and production technology control of the new TFT and CTP Display. Mr. Luo has 19 years of experience in engineering manufacturing and production technology control in LCD, LCM , touch screens, and touch screen display modules. Mr. Luo joined the Group in 2013.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Yeebo (International Holdings) Limited, ("Yeebo" or the "Company"), I present the results of the Company and its subsidiaries (which are collectively referred to as the "Group") for the year ended 31st March, 2023 (the "Year").

Our financial performance in the Year has been nothing short of remarkable. Revenue increased by 4.7% to HK$1.33 billion, while gross profit increased by 11.8% to HK$223.3 million. Profit attributable to equity shareholders increased by 130.7% to HK$615.1 million. Such strong performance, notwithstanding the considerable economic challenges and geopolitical tensions across the world, is a testament to our team's consistent hard work, and commitment to customer satisfaction.

Our strong financial results have afforded us the ability in enhancing our core competitiveness – we have continued our intensity in research and development, broadened our new and superior product ranges, and expanded and upgraded the production facilities. We have also been strategic and disciplined in both broadening our customer base and planning our capacity. Our corporate goal has remained intact – aspiring to be a leading operator in the advanced technology-based manufacturing industries.

In additional to the Group's LCD and display modules business, its capacitor business, Nantong Jianghai Capacitor Co., Ltd. ("Nantong Jianghai"), and its OLED business, Suzhou QingYue Optoelectronics Technology Co., Ltd. ("Suzhou QingYue") have continued to generate promising results.

Over the Year, Nantong Jianghai has solidified its market leading position in capacitors. It has continued to offer the most comprehensive range of capacitors: (i) small to large-sized aluminium electrolytic capacitors, (ii) thin film capacitors and (iii) supercapacitors. Revenue for the Year increased by 19.4% to HK$5.4 billion. The Group's share of profit of Nantong Jianghai increased by 18.1% to HK$228.6 million for the Year.

During the Year, the Group disposed of 14,563,000 shares in Nantong Jianghai for a total gross consideration of approximately HK$353.7 million and recognised a gain of approximately HK$241.5 million. As at 31st March, 2023, the Group held 245,021,000 shares in Nantong Jianghai with a market value of HK$6.1 billion.

Suzhou QingYue is one of the global leaders in passive mode organic light emitting diode ("PMOLED"). The Year also marked significant development and achievement in Suzhou QingYue's strategic focus in e-paper modules and micro-OLED. Revenue for the Year increased by 42.9% to HK$1.3 billion. The Group's share of profit of Suzhou QingYue decreased by 25.4% to HK$13.2 million which was mainly due to the incurrence of one-off listing expenses.

CHAIRMAN'S STATEMENT

On 28th December, 2022, the shares of Suzhou QingYue were successfully listed on the Science and Technology Innovation Board of The Shanghai Stock Exchange ("Suzhou QingYue Listing"). The Group recognised a gain of approximately HK$196.8 million on deemed disposal pursuant to the Suzhou QingYue Listing during the Year. Suzhou QingYue Listing marked another milestone of Suzhou QingYue's corporate development. As at 31st March, 2023, the Group held 126,345,600 shares in Suzhou QingYue with a market value of HK$1.7 billion.

Despite the outstanding achievements during the Year, we must not become complacent. The global economic landscape is continuously evolving, and we are faced with numerous uncertainties and challenges that may impact our future performance. Market volatility, fickle consumers, rising cost of capital, persistent high inflation, and geopolitical tensions are just a few of the challenges that lie ahead.

We remain optimistic about our long-term prospects. We are investing to position the Group for accelerated long term growth, focusing on both our core businesses as well as our growth businesses. We will also continue the Group's transformation and strategic focus on advanced technology-based manufacturing industries.

During the Year, the Company paid a special dividend of HK20 cents per share in December 2022. The Board also recommends a final dividend of HK5 cents and second special dividend of HK5 cents per share for the Year.

On behalf of the Board, 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 Yan Tak, Douglas
Chairman

19th June, 2023

REVIEW OF OPERATIONS

The Group recorded a consolidated revenue for the year ended 31st March, 2023 (the “Year”) of approximately HK$1.33 billion (2022: HK$1.27 billion), representing an increase of 4.7% as compared with that for the previous financial year. Profit attributable to owners of the Company was HK$615.1 million (2022: HK$266.6 million), representing an increase of approximately HK$348.5 million. The significant increase in profit was mainly due to the strong performance in the capacitor business, a gain on the disposal of certain shares in Nantong Jianghai Capacitor Company Ltd. (“Nantong Jianghai”), and a gain on the deemed disposal of the Group’s investments in Suzhou QingYue Optoelectronics Technology Co. Ltd. (“Suzhou QingYue”) pursuant to the listing of its shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange in December 2022 (the “Suzhou QingYue Listing”). The increase was partially offset by an allowance for credit loss for debt investments at amortised cost.

With the protracted COVID-19 pandemic, the rising interest rate and inflation in many major economies, unstable political situations such as the Russo-Ukrainian War and the tension between the People’s Republic of China (the “PRC”) and the United States of America, the economic environment during the Year was full of challenges. Nevertheless, we still managed to deliver remarkable results for the Year which was attributable to the sound financial position of the Group and the resilience of its team.

Our products can be categorized into such main types as Liquid Crystal Display (“LCD”), Liquid Crystal Display module (“LCM”), Thin Film Transistor module (“TFT”) and Capacitive Touch Panel module (“CTP”). As we strategically focus on high-growth business segments such as industrial equipment, smart home appliances and telecommunications, and on extending the range of our offerings from the small modules to medium and large-sized display modules, the ongoing migration from pure LCD panels to LCM/TFT and CTP continued during the Year. Sales of CTP and TFT increased by 57% and 35% to HK$320.6 million and HK$278.9 million, respectively. Sales of LCD and LCM decreased by 23% and 12% to HK$180.7 million and HK$545.6 million, respectively. The change in sales-mix was in line with our business development.

To cope with the challenging business environment, we applied strict control over material costs, adopted agile inventory management and improved labour efficiency. As a result, gross profit increased to HK$223.3 million for the Year from HK$199.7 million in the previous financial year while gross profit margin increased to around 16.8% from 15.8%.

Other income amounted to approximately HK$31.9 million (2022: HK$16.6 million), representing an increase of HK$15.3 million. The growth was mainly due to the increase in bank interest income, government subsidy and interest income from debt investments.

The Group recorded an allowance for credit loss for debt investments at amortised cost for HK$56.6 million (2022: HK$1.3 million) for the Year. The Group has invested in notes (the “Greenland Notes”) issued by Greenland Global Investment Limited (the “Issuer”). During the Year, the Issuer announced that the maturity of all the notes issued by the Issuer will be extended by one to two years. As at 31st March, 2023, the Group held Greenland Notes to the tune of a total face value of US$11.6 million, and this is reflected in the consolidated statement of financial position as debt investments at amortised cost at a carrying value of approximately HK$32.9 million. As at the date of this report, all interest payments on the Greenland Notes and partial redemption of principal have been settled when due. It is the intention of the Group to hold the Greenland Notes to maturity. The directors of the Company are monitoring the situation closely and will take necessary actions where appropriate.

Selling and distribution expenses amounted to approximately HK$98.0 million (2022: HK$81.9 million). The increase was mainly due to the increase in promotional expenses and staff-related costs.

Administrative expenses amounted to approximately HK$39.4 million (2022: HK$32.4 million). The increase was mainly attributable to the increase in legal and professional fees and staff-related costs.

INVESTMENTS IN ASSOCIATES

Investment in Nantong Jianghai

Nantong Jianghai, the Group's 29.1%-owned associate, mainly engages in the manufacture and sales of aluminium electrolytic, thin film and super capacitors, and the production and sales of aluminium foil for high-performance aluminium electrolytic capacitors.

Nantong Jianghai continued to deliver impressive results for the Year. The Group's share of Nantong Jianghai's profit increased by 18.1% to HK$228.6 million.

Nantong Jianghai reported a significant increase in sales by capitalizing on emerging industries including new energy, electric vehicles and energy storage. Production capacity for both aluminium electrolytic capacitors for new energy and thin film capacitors has expanded remarkably, enabling Nantong Jianghai to capture the prevailing market opportunities. In addition, the expansion in production capacity has resulted in a marked improvement in production efficiency and cost reduction which serves to enhance Nantong Jianghai's competitive strengths.

Nantong Jianghai's effort in research and development has also successfully elevated the reliability of its products for new energy inverter and electric vehicle charging station, and upgraded its technical specification for multilayer polymer capacitors and energy-saving production process for aluminium foil. In addition, the uplift of the production yield and efficiency of thin film capacitors have led to an accelerated growth in the photovoltaic, energy storage and high-powered applications. Headway has also been made in developing pin-form super capacitors for applications and back-up solutions for computer servers and electric vehicles.

During the Year, the Group divested a total of 14,563,000 shares in Nantong Jianghai for a total consideration of approximately HK$353.7 million and realised a gain of HK$241.5 million. The Group started investing in Nantong Jianghai in 2005 and since then the business of Nantong Jianghai has grown substantially. Management believes that realising part of its gain and using the proceeds from the disposal to capture other business opportunities is in the interests of the Company and its shareholders as a whole. After the disposal, the Group remains the largest shareholder of Nantong Jianghai. Nantong Jianghai continues to be an associate of the Group, and the results of Nantong Jianghai continue to be included through equity accounting in the Group's financial statements.

Investment in Suzhou QingYue

The Group's share of profit from Suzhou QingYue, its 28.1%-owned associate, which engages in the sales of organic light-emitting diodes ("OLED"), e-paper modules and Micro-OLED, amounted to approximately HK$13.2 million in the Year, representing a decrease of 25.4% from approximately HK$17.7 million in the previous financial year. The reduction in share of profit was due to the one-off listing expenses incurred for the Suzhou QingYue Listing. Had the listing expenses been excluded, the share of profit would be HK$22.6 million, representing an increase of 27.7%.

Pursuant to the Suzhou QingYue Listing, the Group recorded a gain of HK$196.8 million on deemed disposal during the Year.

During the Year, Suzhou QingYue recorded a remarkable increase in sales. This was mainly attributable to the strong growth of the e-paper module business. It is generated by the increasing adoption of electronic price label in the supermarkets and retail chain stores. Moreover, e-paper modules' excellent characteristics of being ultra-thin, light and bendable, and requiring only low power consumption have extended the scope of its applications to other devices such as e-paper display boards, e-paper watches and electronic cards.

The technical advancement in passive mode OLED ("PMOLED") has enabled the application of Suzhou QingYue's products to a wider range of industries such as healthcare, smart home applications, automotive industrial controls, consumer electronics, and security products. Significant progress has also been made in the product development of micro-OLED especially in the near-eye display market and Suzhou QingYue is well-positioned to capture opportunities in the markets for augmented reality and virtual reality.

INCOME TAX

Effective tax rate in relation to the Group's core business (income tax expenses excluding the withholding tax on undistributed profits in associates as a percentage of profit before income tax excluding the share of results of associates) was 13% (2022: 13%).

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, amidst the continued tension between the PRC and the United States of America, the Russo-Ukrainian war as well as the rising inflation and interest rates. Intense competition in the displays market will also affect the profitability of the Group. Moreover, the shortage of labour and wage rises may also have an impact on the cost structure of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group attaches great importance to corporate social responsibility, 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 minimise 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 of wastewater, gas emissions, general waste and recycled materials. Details of the Group's strategies, efforts and performance with respect to environment, social and governance ("ESG") for the Year are set out in the Group's ESG Report, which will be uploaded onto the websites of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company in due course.

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. During the Year, there has not been any cases of non-compliance with all the laws and regulations in the above-mentioned jurisdictions which have a significant impact on the operations of the Group.

RELATIONSHIP WITH KEY STAKEHOLDERS

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as a matter of the utmost importance. 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 employees for their contribution to the growth and development of the Group. The Group has developed long-standing relationships with a number of suppliers and taken great care to ensure that they share the Group's commitment to quality and ethics. The Group also carefully selects its suppliers and requires them to satisfy certain assessment criteria including track records, experience, financial strength, reputation, ability to produce high-quality products and effectiveness of quality control. The Group is committed to offering a broad and diverse range of value-for-money, good-quality products to its customers. Management believes that the above objectives will help to enhance the value of the Company for its shareholders.

PROSPECTS

Although the Group foresees the external environment will still be challenging as it is characterised by high inflation and interest rates, tightened monetary policies and tension between the PRC and the United States of America, the Group is confident that, with its proven track records in executing business strategy, established client base and dedicated team, there are still tremendous opportunities for its long-term growth as it strengthens its presence in the CTP market, and expands its footprint in new markets in the era of digitalisation of industrial applications. The Group is also confident that the share of results of associates will continue to represent a meaningful contribution to the Group's profits.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2023, the Group's current ratio was 2.3 (2022: 1.9). The gearing ratio, as a ratio of bank borrowings to net worth, was 0.2% (2022: 0.5%). As at 31st March, 2023, the Group had total assets of approximately HK$3,114.1 million, which were financed by liabilities of HK$455.2 million and total equity of HK$2,658.9 million. As at 31st March, 2023, the Group's banking facilities amounted to approximately HK$161 million (2022: HK$160 million) of which approximately HK$4.3 million (2022: HK$12.0 million) were utilised mainly in the forms of letters of credit, short term loan and bills payable.

Certain subsidiaries of the Group have assets and liabilities in foreign currencies, which expose the Group to foreign currency risk. The management monitors the foreign exchange risk and has taken appropriate hedging measures against significant foreign currency exposures.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group invested RMB100,000,000 in a private company, which is established in the PRC and principally engaged in the design, research and development and sales of graphics processing unit chips, for a minority stake. The investment will be measured at fair value in the Group's consolidated financial statements for the year ending 31st March, 2024.

CONTINGENT LIABILITIES AND CHARGES OF ASSETS

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 31st March, 2023.

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 rewards 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 continuing 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:

	2023	2022
Percentage of purchases from the Group's largest supplier	**13%**	7%
Percentage of purchases from the Group's five largest suppliers	**32%**	27%
Percentage of turnover to the Group's largest customer	**5%**	5%
Percentage of turnover to the Group's five largest customers	**18%**	17%

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

As at 31st March, 2023, 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 of the Company (the "Board") has resolved to recommend the payment of a final dividend of HK5.0 cents (2022: HK5.0 cents) per share and a second special dividend of HK5.0 cents (2022: nil) per share for the year ended 31st March, 2023 subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting. The final dividend and the second special dividend will be paid on or about Thursday, 12th October, 2023 to Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 29th September, 2023.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Thursday, 21st September, 2023 (the "Annual General Meeting"). For determining the entitlement to attendance and a vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 15th September, 2023 to Thursday, 21st September, 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 14th September, 2023. The proposed final dividend and second special dividend are subject to the approval of the Shareholders at the Annual General Meeting. For determining the entitlement to the proposed final dividend and second special dividend, the register of members of the Company will be closed on Thursday, 28th September, 2023 to Friday, 29th September, 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and second special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, for registration not later than 4:30 p.m. on Wednesday, 27th September, 2023.

CORPORATE GOVERNANCE PRACTICES

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, 2023, the Company has applied the principles and complied with the requirements of the Corporate Governance Code (the "Code") listed out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (the "Model Code")

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, the Board is not aware of any non-compliance with the required standard as set out in the Model Code throughout the year ended 31st March, 2023.

BOARD OF DIRECTORS

As at 31st March, 2023, the Board comprises:

Executive Directors

Mr. Fang Yan Tak, Douglas *(Chairman)**
Mr. Li Kwok Wai, Frankie *(Chief Executive Officer)*
Mr. Leung Tze Kuen

Non-executive Director

Mr. Chen Shuang, JP

Independent Non-executive Directors

Mr. Chu Chi Wai, Allan
Mr. Lau Yuen Sun, Adrian
Prof. Lau Kei May

** Mr. Fang Yan Tak, Douglas was redesignated from Vice Chairman and Non-executive Director to Chairman and Executive Director on 1st September, 2022.*

In addition, Mr. Fang Hung, Kenneth, GBS, JP served as Chairman and Executive Director until he passed away on 28th August, 2022.

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. The Board has also met the Listing Rules' requirement to have at least one-third in number of its members comprising Independent Non-executive Directors.

A board diversity policy has been formulated by the Board setting out the approach to maintaining a board with a diversity of directors. The Company recognises the benefits of diversity at the Board level as an essential element in supporting its sustainable development. All Board appointments will continue to be based on meritocracy with due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

In accordance with the requirements under the Code, the Company has set an initial target that the Board should have at least one male and one female member.

Regarding the current Board's composition, the Board comprises six male and one female Directors. The Directors believe that the composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and for effective leadership as all the Executive Directors and Non-executive Directors possess extensive experience in business while the Independent Non-executive Directors possess professional knowledge and broad experience in finance, management and the displays industry. The Directors are of the opinion that the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances to safeguard the interests of the shareholders and the Company.

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.

Consideration was given to the independence of Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, both of them have served on the Board for more than nine years. Both Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian do not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, nor do they have any relationship with any other Directors, senior management or any substantial or controlling shareholders of the Company. Moreover, both of them have never engaged in any executive management of the Group. Taking into consideration the independent nature of their roles and duties in the past years, the Board considers both Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian to be independent under the Listing Rules despite their years of services with the Company.

The biographical details of the Directors are set out in pages 3 and 4 of this Annual Report.

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

Name of Directors	Number of Meetings Attended/ Entitled to Attend
Mr. Fang Hung, Kenneth	0/1
Mr. Fang Yan Tak, Douglas	7/7
Mr. Li Kwok Wai, Frankie	7/7
Mr. Leung Tze Kuen	7/7
Mr. Chen Shuang	1/7
Mr. Chu Chi Wai, Allan	7/7
Mr. Lau Yuen Sun, Adrian	7/7
Prof. Lau Kei May	7/7

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

The Company has in place effective mechanisms to ensure independent views and input are available to the Board. The Board conducted an annual review on such mechanisms during the year ended 31st March, 2023 and is of the view that the mechanisms have been properly implemented and are effective. In particular, the Company plans regular Board and Board committees meeting schedules well in advance and provides remote facilities for attendance, so as to facilitate active attendance and participation in the meetings. Board members, especially Independent Non-executive Directors, are welcome and are encouraged to raise enquiries, suggestions and views during the meetings. The Board process as stated above, including agenda setting and provision of meeting information, facilitates effective and active participation by all Directors. The Board and each Director has unrestricted access to the advice and services of the Company Secretary and also has the liberty to seek independent professional advice to assist them in performing their duties to the Company at the Company's expense.

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 up keeping 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 commitment 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. The Company has been provided by the Directors of their respective training records.

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.

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 additional 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.

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- character and integrity;

- qualifications including professional qualifications, skills, knowledge, experience and diversity aspects under the Board diversity policy that are relevant to the Company's business and corporate strategy;

- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s); and
- such other perspectives that are appropriate to the Company's business and succession plan that may be adopted by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

The Nomination Committee, upon receipt of the proposal on appointment of new Director and the biographical information of the candidate, will evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship and made recommendation to the Board to appoint the candidate for directorship.

Appointment and Re-election of Directors

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 B.2.2 of the Code which requires all Directors to be subject to retirement by rotation at least once every three years.

With respect to the re-election of Directors at the annual general meeting, the Nomination Committee will review the overall contribution and services to the Company of the retiring Directors and the level of participation and performance on the Board to determine whether the retiring Directors would continue to meet the criteria as set out above and made recommendation to the Board in respect of the proposed re-election of Directors at the general meeting. The relevant information of the retiring Directors together with the recommendation of the Board would then be disclosed in the circular accompanying the notice of the general meeting and sent to shareholders in accordance with the Listing Rules and applicable laws and regulations.

As a good corporate governance practice, Nomination Committee member is required to abstain from assessing his own independence (in case he is an Independent Non-executive Director) and re-appointment.

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 Mr. Li Kwok Wai, Frankie, Executive Director and Chief Executive Officer, and Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, both Independent Non-executive Directors. Mr. Chu Chi Wai, Allan 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, 2023. All the Nomination Committee members attended the meeting.

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

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

5. To review the Director Nomination Policy and Board Diversity Policy as and when necessary and monitor its implementation.

Remuneration Committee

The Remuneration Committee was established on 27th May, 2005. The Committee comprises Mr. Li Kwok Wai, Frankie, Executive Director and Chief Executive Officer, and Mr. Lau Yuen Sun, Adrian and Mr. Chu Chi Wai, Allan, both Independent Non-executive Directors. 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 and are posted on the websites of the Stock Exchange and the Company.

The Remuneration Committee shall meet at least once a year. Four meetings were held during the year. All the Remuneration Committee members attended all the meetings.

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.

Details of the annual remuneration of the members of the senior management by band for the year ended 31st March, 2023 are as follows:

	Number of employees
Below HK$1,000,000	18
HK$1,000,001 to HK$1,500,000	3
Total	21

Details of the remuneration of each Director for the year ended 31st March, 2023 are set out in note 12 to the financial statements.

Audit Committee

The Audit Committee of the Company comprises Professor Lau Kei May (appointed on 1st September, 2022), Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, all being Independent Non-executive Directors. In addition, Mr. Fang Yan Tak, Douglas also served as a member of the Audit Committee until his re-designation from a Non-executive Director to an Executive Director on 1st September, 2022. Mr. Lau Yuen Sun, Adrian, was appointed as Chairman of the Audit Committee. The terms of reference stipulating the authority and duties of the Audit Committee conform to the provisions of the Code and are posted on the websites of the Stock Exchange and the Company.

The Audit Committee shall meet at least twice a year. During the year, four meetings were held and the attendance of each Audit Committee member is set out as follows:

Name of Directors	Number of Meetings Attended/ Entitled to Attend
Mr. Chu Chi Wai, Allan	4/4
Mr. Fang Yan Tak, Douglas	1/1
Mr. Lau Yuen Sun, Adrian	4/4
Prof. Lau Kei Mei	3/3

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

(i) reviewed the financial reports for the year ended 31st March, 2022 and for the six months ended 30th September, 2022;

(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, 2023.

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	3,188,000
Non audit services	765,000
	3,953,000

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.

During the year, the Company has appointed a firm of independent internal control consultants to conduct regular internal audits of the Group. 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 independent internal control consultants report their findings to the Audit Committee and the Board and make recommendations to optimize the risk management and internal control systems of the Group.

The Group has established a set of risk management policies and measures, which has been codified in its policies and adopted by it. Such policies and measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The ultimate goal of the Group's risk management policies and measures is to bring focus and effort to the issues in its business operations that create impediments to the Group's success. The Group's risk management process starts with identifying the major risks associated with its business, industry and market in the ordinary course of business. Depending on the likelihood and potential impacts of the relevant risks exposed to the Group, the management will prioritize the risks and will either take immediate mitigating action, devise contingency plan or conduct periodic review in accordance with the contingency plan. The Management is responsible for identifying and analyzing the risks associated with their respective function, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans and reporting status of risk management. A risk management committee has been set up which is responsible for advising on risk management matters, while the Audit Committee and ultimately the Board will supervise the implementation of the Group's risk management policies and measures.

CORPORATE GOVERNANCE REPORT

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. The Board has also reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget during the year and considered that the Group had adequate staff resources with the competence, qualifications and experience necessary for the effective performance of its accounting, internal audit and financial reporting functions.

In relation to the handling and dissemination of inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the Group has adopted measures including raising awareness of confidentiality in the Group, issuing notices regarding "black-out" period and restrictions on dealings to Directors and employees on a regular basis to ensure compliance when handling and disclosing inside information.

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, 2023, 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 35 to 40 of this Annual Report.

DIVIDEND POLICY

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the memorandum of association and bye-laws of the Company and all applicable laws and regulations. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholders value. The Company has no fixed dividend pay-out ratio. The Board considers that, in general, the amount of dividends to be declared will depend on general economic conditions as well as the Group's actual and expected financial performance, retained profits and distributable reserves, cash flow, working capital requirements, capital expenditure requirements and future expansion plans, liquidity position, and other factors as may be considered relevant at such time by the Board.

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 Mr. Chen Shuang, a Non-executive Director, who was not able to the Company's 2022 annual general meeting due to other commitments, all the other Directors attended the Company's 2022 annual general meeting and were available to answer shareholders' questions.

At the Company's 2022 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.

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.

The Board has reviewed its prevailing shareholders' communication policy during the year and believes that, in light of the multiple channels of communication and engagement in place as stated above, the current shareholders' communication policy of the Company has been properly implemented during the year ended 31st March, 2023.

MEMORANDUM OF ASSOCIATION AND BYE-LAWS

During the year ended 31st March, 2023, the Company has not made any amendment to its memorandum of association and bye-laws.

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Stock Exchange has revised the core shareholder protection standards under Appendix 3 to the Listing Rules with effect from 1st January, 2022. Accordingly, a special resolution was proposed at the forthcoming annual general meeting of the Company for the purpose of amending the Company's bye-laws in order to (i) bring the bye-laws in line with the relevant requirements of the Listing Rules as well as the applicable laws of Bermuda; (ii) allow general meetings of the Company to be held in the form of a hybrid meeting or electronic meeting where shareholders may attend by electronic means in addition to a physical meeting where shareholders attend in person; and (iii) provide flexibility to the Company in relation to the conduct of general meetings. Other housekeeping and consequential amendments to the bye-laws were also proposed, including making consequential amendments in connection with the above proposed amendments and for clarity and consistency with other provisions of the bye-laws where it is considered desirable and to better align the wording with those of the Listing Rules and the applicable laws of Bermuda.

The existing Company's memorandum of association and bye-laws is available on the Company's website and the Stock Exchange's website.

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, 2023, Mr Lau has taken no less than 15 hours of relevant professional training to update his skills and knowledge.

The directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 41 and 19, 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, 2023 as well as outlook/prospects of the Group's business are provided in the sections "Chairman's Statement" on pages 7 to 8 and "Management Discussion and Analysis" on pages 9 to 14 of this Annual Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 41 to 42.

A special dividend of HK20 cents per ordinary share was paid in December 2022.

The Directors now recommend the payment of a final dividend of HK5 cents and a second special dividend of HK5 cents per ordinary share to the shareholders on the register of members on Friday, 29th September, 2023, amounting to approximately HK$97,175,000, and the retention of the remaining profit. The proposed final dividend and second special dividend have to be approved in the forthcoming annual general meeting of the Company to be held on Thursday, 21st September, 2023.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$33,401,000. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31st March, 2023 are set out in note 30 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 pages 45 and 46.

The Company's reserve available for distribution to shareholders as at 31st March, 2023 were as follows:

	2023	2022
	HK$'000	*HK$'000*
Contributed surplus	**49,259**	49,259
Retained profits	**101,417**	80,018
	150,676	129,277

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 at the date of this report were:

Executive directors:

Mr. Fang Yan Tak, Douglas ("Mr. D. Fang") (re-designated from non-executive director to executive director on 1st September, 2022)
Mr. Li Kwok Wai, Frankie
Mr. Leung Tze Kuen

Non-executive director:

Mr. Chen Shuang ("Mr. Chen")

Independent non-executive directors:

Mr. Chu Chi Wai, Allan ("Mr. Chu")
Mr. Lau Yuen Sun, Adrian
Prof. Lau Kei May

In addition, Mr. Fang Hung, Kenneth served as an executive director until he passed away on 28th August, 2022.

In accordance with Clause 86 and 87 of the Company's bye-laws, Mr. D. Fang, Mr. Chen and Mr. Chu will retire at the forthcoming annual general meeting of the Company. Mr. Chen will not offer himself for re-election and will retire as a non-executive director of the Company at the conclusion of the forthcoming annual general meeting of the Company. Mr. D Fang and Mr. Chu 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 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 6 of this Annual Report.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 31st March, 2023, 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:

(A) Long position in the shares of the Company

	Number of shares and nature of interests		
	Personal interests	**Total**	**Percentage of Company's issued capital *(Note(i))***
Mr. Li Kwok Wai, Frankie	108,504,000	108,504,000	11.12%
Mr. Leung Tze Kuen *(Note (ii))*	2,460,000	2,460,000	0.25%

(B) Long position in the shares of associated corporations of the Company

(1) Antrix Investment Limited ("Antrix") (Note(iii))

	Number of shares and nature of interests			
	Personal interests	Through controlled corporations	Total	Percentage of issued capital of Antrix
Mr. Li Kwok Wai, Frankie	–	1,740	1,740	30.53%
Mr. Chen Shuang	490	–	490	8.59%

(2) Fang Brothers Holdings Limited ("Fang Brothers") (Note(iv))

	Number of shares and nature of interests			
	Personal interests	Spouse interests	Total	Percentage of issued capital of Fang Brothers
Mr. Fang Yan Tak, Douglas	16,000,000	–	16,000,000	20.00%

Notes:

(i) Based on the total number of issued shares of the Company as at 31st March, 2023 of 976,182,000.

(ii) The 2,460,000 shares represent shares granted under the share award scheme of the Company. They are subject to the satisfactory fulfilment of vesting conditions and 578,000 shares were vested.

(iii) As at 31st March, 2023, Antrix Investment Limited held 570,000,000 shares of the Company.

(iv) As at 31st March, 2023, Fang Brothers beneficially owned 60.88% of the issued share capital of Antrix.

Save as disclosed above, as at 31st March, 2023, none of the directors, the chief executive 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 memorandum of association and bye-laws 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, 2023, 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 12 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of related party transactions undertaken in the normal course of business of the Group are set out in note 38 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, 2023.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details which are required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

Mr. Li Kwok Wai, Frankie, an executive director of the Company, has been acting as a director of Suzhou QingYue Optoelectronics Technology Co., Ltd. ("Suzhou QingYue"), an associate of the Company which shares were listed on The Science and Technology Innovation Board of The Shanghai Stock Exchange on 28th December, 2022, until his resignation on 23rd May, 2023.

Mr. Leung Tze Kuen, an executive director of the Company, was appointed as a director of Suzhou QingYue on 23rd May, 2023.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2023, 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 *(Note (i))*
Antrix *(Note (ii))*	Directly beneficially owned	570,000,000	58.39%
Esca Investment Limited *(Note (ii))*	Indirectly beneficially owned	570,000,000	58.39%
Fang Brothers Holdings Limited *(Note (ii))*	Indirectly beneficially owned	570,000,000	58.39%

Notes:

(i) Based on the total number of issued shares of the Company as at 31st March, 2023 of 976,182,000.

(ii) As at 31st March, 2023, Antrix Investment Limited was held as to 60.88% 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). The shares held by Esca Investment Limited and Fang Brothers Holdings Limited represent the same interest held by Antrix Investment Limited.

Save as disclosed above, as at 31st March, 2023, 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

The Company repurchased 19,155,171 shares on the Stock Exchange from June 2022 to March 2023. Details of which are follows:

Month of repurchase	**Number of shares repurchased**	**Highest price paid** *(HK$)*	**Lowest price paid** *(HK$)*	**Total amount paid** *(HK$)*
June 2022	680,000	3.09	3.00	2,079,100
July 2022	3,920,000	3.35	2.94	12,351,200
August 2022	1,800,000	3.09	2.98	5,508,940
September 2022	2,079,171	3.07	2.90	6,246,240
October 2022	3,236,000	3.02	2.89	9,615,100
November 2022	152,000	2.95	2.90	447,240
December 2022	1,374,000	3.10	2.68	4,060,680
January 2023	1,440,000	3.10	2.99	4,403,460
February 2023	1,832,000	3.05	2.94	5,524,240
March 2023	2,642,000	3.03	2.49	7,508,800
Total	19,155,171			57,745,000

The Board is of the view that the trading price of the shares of the Company did not reflect their intrinsic value, and the above repurchase and subsequent cancellation of Company's shares could increase the value of the Company's shares and lead to an increase in the return to Shareholders. In addition, the Board believes that the repurchases reflected the Company's confidence in its long-term business prospect and were conducted in the interests of the Company and its shareholders as a whole.

Save as disclosed above, no repurchase has been made by the Company or any of its subsidiaries on the Stock Exchange of any listed securities of the Company during the year.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 15 to 26 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, the Board is not aware of any non-compliance 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, 2023.

AUDIT COMMITTEE

The Audit Committee comprises Mr. Chu Chi Wai, Allan, Mr. Lau Yuen Sun, Adrian, and Prof. Lau Kei May, all being Independent Non-executive Directors. 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, 2023.

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
19th June, 2023

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)

OPINION

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 41 to 139, which comprise the consolidated statement of financial position as at 31st March, 2023, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of debt investments at amortised cost	
We identified the measurement of expected credit losses ("ECL") for debt investments at amortised cost as a key audit matter due to the determination of loss allowances for debt investments at amortised cost using the ECL model involving management estimates and judgements, including use of assumptions in determination of probability of default and loss given default, and incorporation of forward-looking information. As set out in note 4 to the consolidated financial statements, the measurement of ECL is dependent on the current observable information of the issuer of the debt investments and forward looking information of the debt investments at amortised cost that are reasonable and supportable available without undue costs or effect. As at 31st March, 2023, the Group's debt investments at amortised cost amounted to HK$32,878,000, for which an allowance on credit losses of HK$71,157,000 was recognised upon the default of the debt investments and an impairment gain of HK$14,573,000 for the enhancement of the credit risk was recognised in the consolidated statements of profit or loss.	Our procedures in relation to valuation of debt investments at amortised cost included: • Obtaining an understanding of the Group's process in assessing the ECL for debt investments at amortised cost under HKFRS 9 *Financial Instruments*; • Challenging management's basis in management judgements and assumptions, including (i) reasonableness of probability of default, recovery rate and loss given default; and (ii) the use of economic variables for forward-looking scenarios; and • Recalculating the expected credit loss allowance recognised by the management at 31st March, 2023 and comparing with the recorded balance.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables	
We identified valuation of trade receivables as a key audit matter due to the involvement of management's estimates in evaluating the allowance of credit losses of the Group's trade receivables at the end of the reporting period. As at 31st March, 2023, the Group's carrying amount of trade receivables is HK$218,016,000 (net of allowance for credit losses of HK$13,842,000) and out of these trade receivables of HK$77,158,000 were past due. As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on individual assessment for those debtors with significant balances and credit-impaired and/or collective assessment through grouping of various debtors that have similar loss patterns, after considering ageing, repayment history and/or past due status of the respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information. As disclosed in note 32 to the consolidated financial statements, the Group reversed of net allowance of credit losses on trade receivables of HK$1,735,000 for the year ended 31st March, 2023.	Our procedures in relation to valuation of trade receivables included: • Understanding the key process on how the management of the Group estimates the allowance of credit losses of trade receivables; • Challenging management's basis in determining credit loss allowance on trade receivables as at 31st March, 2023, including their basis of identification of credit-impaired trade receivables, the reasonableness of management's grouping of the trade debtors into different credit risk categories in the collective assessment basis, and the basis of estimated loss rates applied in each category in the collective assessment basis (with reference to historical default rates and forward-looking information); • Testing the accuracy of ageing category of trade receivables ageing analysis as at 31st March, 2023 to develop the collective assessment basis, on a sample basis, by comparing individual items in the ageing analysis with the relevant supporting documents including sales invoices and delivery documents; and • Recalculating the expected credit loss allowance recognised by the management at 31st March, 2023 and comparing with the recorded balance.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wan Wai Nga.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19th June, 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2023

	NOTES	2023 HK$'000	2022 HK$'000
Revenue	5 & 6	**1,325,806**	1,266,641
Cost of sales		**(1,102,514)**	(1,066,985)
Gross profit		**223,292**	199,656
Other income	7	**31,851**	16,624
Other gains and losses	8	**(13,328)**	(1,778)
Gain on derecognition of debt investments at amortised cost	20	**8,720**	–
Reversal of (allowances on) credit losses, net			
– trade receivables		**1,735**	(1,675)
– other receivables		**–**	(1,310)
– debt investments at amortised cost		**(56,584)**	(1,256)
Selling and distribution expenses		**(98,019)**	(81,923)
Administrative expenses		**(39,355)**	(32,420)
Finance costs	9	**(943)**	(632)
Gain on disposal of equity interests of an associate	19	**241,503**	–
Gain on deemed disposal of associates	19	**195,586**	465
Share of results of associates	19	**242,572**	210,637
Profit before income tax		**737,030**	306,388
Income tax expense	10	**(75,786)**	(24,035)
Profit for the year	11	**661,244**	282,353
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive (expense) income of associates, net of related income tax	19	**(4,272)**	3,786
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations:			
Subsidiaries		**(42,132)**	24,939
Associates		**(137,307)**	70,497
Reclassification of cumulative translation reserve upon disposal of equity interests of an associate		**1,424**	–
Total comprehensive income for the year		**478,957**	381,575
Profit for the year attributable to:			
Owners of the Company		**615,109**	266,579
Non-controlling interests		**46,135**	15,774
		661,244	282,353

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2023

	NOTES	2023 HK$'000	2022 HK$'000
Total comprehensive income attributable to:			
Owners of the Company		**433,919**	363,010
Non-controlling interests		**45,038**	18,565
		478,957	381,575
		HK cents	*HK cents*
Earnings per share			
– basic	*15*	**63.6**	27.3
– diluted	*15*	**63.2**	27.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	16	**215,851**	267,548
Right-of-use assets	17	**16,430**	7,111
Investment properties	18	**774**	975
Interests in associates	19	**2,061,371**	1,893,409
Debt investments at amortised cost	20	**32,878**	15,160
Intangible assets	21	**1,459**	1,459
Other receivables and prepayments	23	**4,892**	50,068
		2,333,655	2,235,730
Current assets			
Inventories	22	**184,683**	276,602
Trade and other receivables	23	**295,419**	337,662
Debt investments at amortised cost	20	**–**	23,884
Cash and cash equivalents	24	**300,313**	104,334
		780,415	742,482
Current liabilities			
Trade and other payables	25	**271,437**	319,461
Contract liabilities	26	**39,303**	47,742
Derivative financial instruments		**3,262**	73
Tax payable		**13,903**	13,141
Bank borrowings	27	**4,284**	12,033
Lease liabilities	28	**4,750**	4,477
		336,939	396,927
Net current assets		**443,476**	345,555
Total assets less current liabilities		**2,777,131**	2,581,285

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2023

	NOTES	**2023** ***HK$'000***	2022 *HK$'000*
Non-current liabilities			
Deferred tax liabilities	*29*	**106,327**	86,383
Lease liabilities	*28*	**11,947**	2,938
		118,274	89,321
		2,658,857	2,491,964
Capital and reserves			
Share capital	*30*	**195,236**	198,616
Reserves		**2,356,549**	2,225,641
Equity attributable to owners of the Company		**2,551,785**	2,424,257
Non-controlling interests		**107,072**	67,707
Total equity		**2,658,857**	2,491,964

The consolidated financial statements on pages 41 to 139 were approved and authorised for issue by the Board of Directors on 19th June, 2023 and are signed on its behalf by:

Fang Yan Tak, Douglas
DIRECTOR

Li Kwok Wai, Frankie
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2023

	Attributable to owners of the Company												
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve (note i) *HK$'000*	Capital redemption reserve *HK$'000*	Translation reserve *HK$'000*	Share award reserve *HK$'000*	Shares held for share award scheme *HK$'000*	PRC statutory reserve (note ii) *HK$'000*	Other reserve (note iii) *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1st April, 2021	199,928	110,750	2,125	10,132	99,012	11,219	(27,269)	14,966	(6,949)	1,689,471	2,103,385	54,297	2,157,682
Profit for the year	–	–	–	–	–	–	–	–	–	266,579	266,579	15,774	282,353
Other comprehensive income for the year													
Share of other comprehensive income of an associate, net of related income tax	–	–	–	–	–	–	–	–	2,545	–	2,545	1,241	3,786
Exchange differences arising on the translation of foreign operations	–	–	–	–	93,886	–	–	–	–	–	93,886	1,550	95,436
Total comprehensive income for the year	–	–	–	–	93,886	–	–	–	2,545	266,579	363,010	18,565	381,575
Repurchase and cancellation of ordinary shares *(note 30)*	(1,312)	–	–	1,312	–	–	–	–	–	(19,948)	(19,948)	–	(19,948)
Shares purchased for share award scheme	–	–	–	–	–	–	(5,023)	–	–	–	(5,023)	–	(5,023)
Recognition of equity-settled share-based payment expenses under share award scheme *(note 35)*	–	–	–	–	–	2,350	–	–	–	–	2,350	–	2,350
Shares vested under share award scheme *(note 35)*	–	–	–	–	–	(1,887)	4,580	–	–	(2,693)	–	–	–
Transfer of reserves	–	–	–	–	–	–	–	2,957	–	(2,957)	–	–	–
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(5,155)	(5,155)
Dividends recognised as a distribution *(note 14)*	–	–	–	–	–	–	–	–	–	(19,517)	(19,517)	–	(19,517)
At 31st March, 2022	198,616	110,750	2,125	11,444	192,898	11,682	(27,712)	17,923	(4,404)	1,910,935	2,424,257	67,707	2,491,964

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2023

	Attributable to owners of the Company												
	Share capital	Share premium	Capital reserve (note i)	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for share award scheme	PRC statutory reserve (note ii)	Other reserve (note iii)	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$'000*	*HK$'000*	*HK$'000*
Profit for the year	–	–	–	–	–	–	–	–	–	615,109	615,109	46,135	661,244
Other comprehensive (expense) income for the year													
Share of other comprehensive (expense) income of an associate, net of related income tax	–	–	–	–	–	–	–	–	(4,404)	–	(4,404)	132	(4,272)
Exchange differences arising on the translation of foreign operations	–	–	–	–	(178,210)	–	–	–	–	–	(178,210)	(1,229)	(179,439)
Reclassification of cumulative translation reserve upon disposal of equity interest of an associate	–	–	–	–	1,424	–	–	–	–	–	1,424	–	1,424
Total comprehensive income for the year	–	–	–	–	(176,786)	–	–	–	(4,404)	615,109	433,919	45,038	478,957
Repurchase and cancellation of ordinary shares *(note 30)*	(3,380)	–	–	3,831	–	–	–	–	(451)	(57,745)	(57,745)	–	(57,745)
Shares purchased for share award scheme	–	–	–	–	–	–	(9,170)	–	–	–	(9,170)	–	(9,170)
Recognition of equity-settled share-based payment expenses under share award scheme *(note 35)*	–	–	–	–	–	1,538	–	–	–	–	1,538	–	1,538
Shares vested under share award scheme *(note 35)*	–	–	–	–	–	(1,776)	3,408	–	–	(1,632)	–	–	–
Transfer of reserves	–	–	–	–	–	–	–	5,083	–	(5,083)	–	–	–
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(5,673)	(5,673)
Dividends recognised as a distribution *(note 14)*	–	–	–	–	–	–	–	–	–	(241,014)	(241,014)	–	(241,014)
At 31st March, 2023	195,236	110,750	2,125	15,275	16,112	11,444	(33,474)	23,006	(9,259)	2,220,570	2,551,785	107,072	2,658,857

Notes:

(i) 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.

(ii) In accordance with the Company Law of the People's Republic of China ("PRC"), domestic enterprises in the PRC are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC ("PRC GAAP"), to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital of the respective PRC subsidiaries.

(iii) The other reserve of the Group mainly represents: (a) the share of other comprehensive income from the interests in associates and (b) the difference between the amount by which the non-controlling interests are adjusted and the consideration paid arising from the acquisition of additional interests in subsidiaries in previous years.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2023

	2023	2022
	HK$'000	*HK$'000*
Operating activities		
Profit before income tax	**737,030**	306,388
Adjustments for:		
Gain on disposal of equity interests of an associate	**(241,503)**	–
Gain on deemed disposal of associates	**(195,586)**	(465)
Share of results of associates	**(242,572)**	(210,637)
Finance costs	**943**	632
Interest income	**(22,213)**	(6,427)
Impairment loss recognised on property, plant and equipment	**16,279**	–
Depreciation of property, plant and equipment	**48,813**	49,380
Depreciation of right-of-use assets	**5,056**	4,871
Depreciation of investment properties	**201**	202
Recognition of equity-settled share-based payment expenses under share award scheme	**1,538**	2,350
Net loss on disposal and written off of property, plant and equipment	**341**	373
(Reversal of) allowances on credit losses, net		
– trade receivables	**(1,735)**	1,675
– other receivables	**–**	1,310
– debt investments at amortised cost	**56,584**	1,256
Gain on derecognition on debt investments at amortised cost	**(8,720)**	–
Gain on fair value changes of financial assets at fair value through profit or loss ("FVTPL")	**–**	(2,574)
Loss (gain) on fair value changes of derivative financial instruments	**3,189**	(970)
(Reversal) recognition of allowance for inventories, net	**(4,567)**	20,392
Unrealised exchange (gain) loss	**(6,308)**	5,582
Operating cash flows before movements in working capital	**146,770**	173,338
Decrease (increase) in inventories	**82,197**	(91,559)
Decrease (increase) in trade and other receivables	**66,069**	(109,027)
(Decrease) increase in trade and other payables	**(33,812)**	42,363
(Decrease) increase in contract liabilities	**(9,392)**	32,746
Cash generated from operations	**251,832**	47,861
Income tax paid	**(12,252)**	(15,591)
Net cash from operating activities	**239,580**	32,270

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2023

	2023	2022
	HK$'000	*HK$'000*
Investing activities		
Purchase of property, plant and equipment	**(25,351)**	(9,324)
Prepayment for acquisition of plant and equipment	**(8,455)**	(43,875)
Purchase of debt investments at amortised cost	**(39,320)**	(45,671)
Repayment of debt investments at amortised cost	**9,084**	7,829
Proceeds on disposal of equity interests of an associate, net of tax	**300,312**	–
Dividend received from associates, net of withholding tax	**34,511**	35,968
Proceeds on disposal of financial asset at FVTPL, net of withholding tax	**–**	22,606
Interest income received	**10,934**	4,369
Proceeds from disposals of property, plant and equipment	**324**	134
Advance of loan receivables	**–**	(218)
Repayment of loan receivables	**1,764**	3,502
Net cash from (used in) investing activities	**283,803**	(24,680)
Financing activities		
Dividends paid	**(241,014)**	(19,517)
Dividend paid to non-controlling interests	**(5,673)**	(5,155)
Payment for repurchase of ordinary shares	**(57,745)**	(19,948)
Payment for purchase of shares for share award scheme	**(9,170)**	(5,023)
Repayment of lease liabilities	**(5,084)**	(4,832)
Interest paid	**(943)**	(632)
Repayment of bank borrowings	**(98,237)**	–
New bank borrowings raised	**90,646**	7,766
Net cash used in financing activities	**(327,220)**	(47,341)
Net increase (decrease) in cash and cash equivalents	**196,163**	(39,751)
Effect of changes in foreign exchange rates	**(184)**	1,901
Cash and cash equivalents at beginning of the year	**104,334**	142,184
Cash and cash equivalents at end of the year, represented by bank balances and cash	**300,313**	104,334

1. GENERAL INFORMATION

Yeebo (International Holdings) Limited (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 "SEHK"). 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 "Corporate Information" section 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"), liquid crystal displays modules ("LCMs"), thin film transistor modules ("TFTs") and capacitive touch panel modules ("CTPs") products.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1st April, 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1st January, 2023
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1st January, 2024

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting period beginning on or after 1st April, 2023, with early application permitted. As at 31st March, 2023, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$16,430,000 and HK$16,697,000 respectively. The Group will recognise the related deferred tax assets and deferred tax liabilities but does not expect to have significant impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, 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 services.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation of consolidated financial statements (Continued)

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 Share-based payment, leasing transactions that are accounted for in accordance with HKFRS 16 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 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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 in 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, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Interests in associates

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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statement using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate 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. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Interests in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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 Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 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 is not allocated to any asset, including goodwill, that 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.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Interests in associates (Continued)

Changes in Group's interests in associate

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Revenue from contracts with customers

The Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease components and aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of rented premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Foreign currencies (Continued)

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).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under “other income”.

Employee benefits

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.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities’ carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all-non market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share award reserve). At the end of the reporting period, the Group revises its estimates of the number of shares that are expected to ultimately vest based on assessment of all relevant non-market vesting conditions. 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.

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.

When the granted shares are forfeited before the vesting date, the amount previously recognised in share award reserve will be reversed through profit or loss.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation entity by the same taxation authority.

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.

Property, plant and equipment

Property, plant and equipment are tangible assets that are 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.

Property, plant and equipment in the course of construction for production, supply or administrative purpose are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets, 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.

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.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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 less their residual value over their estimated useful lives, using the straight-line method.

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.

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.

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.

Research and development expenditure

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use 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 relevant asset is estimated in order to determine the extent of the impairment loss (if any). 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 of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 (or a cash-generating unit) 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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit or group of cash-generating units) 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 or group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include cash, which comprises of cash on hand and demand deposits.

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. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a 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.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

For financing assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, loan receivables, other receivables and deposits, debt investments at amortised cost and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, and factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. Trade receivable with credit-impaired are assessed for ECL individually.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for non-credit impaired trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

When the contractual terms of a finance asset are modified and result in a substantial modification, such modification is accounted for as a derecognition of the original financial asset and the recognition of new financial asset. The difference between the carrying amount of financial asset derecognised and the fair value of consideration receive or receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments 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.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 independent shareholders.

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.

Deferred tax on investments in associates

For the purposes of measuring deferred tax liabilities on investments in associates, the management of the Group considered the tax consequences associated with the expected manner of recovery of the carrying amount of the investment. Different tax rates are applied for measuring the temporary difference between the carrying amount and tax base of investment in associates for the recovery of investment through receiving dividend income or selling the investment. The directors of the Company assessed that the temporary difference is to be recovered through dividend income and/or through sale, and accordingly, deferred tax liabilities of HK$106,451,000 (2022: HK$86,507,000) was recognised by applying different tax rates in accordance with the expected manner of recovery.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

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

Allowance for credit losses for debt investments measured at amortised cost

Debt investments measured at amortised cost are assessed for ECL individually. The directors of the Company assessed the ECL of the debt investments taking into consideration the current observable information of the issuer of the debt investments and forward-looking information of the debt investments that are reasonable and supportable available without undue costs or effort. At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Due to greater financial uncertainty triggered by the announcement of extension of debt investments, the Group has increased the expected loss rates in the current year. The information about the ECL and the Group's debt investments measured at amortised cost are disclosed in notes 20 and 32.

Allowance for credit losses of trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, for trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping of debtors that have similar loss patterns based on the ageing, repayment history and/or past due status of the respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information.

As at 31st March, 2023, the Group's carrying amount of trade receivables is HK$218,016,000 (net of allowance for credit losses of HK$13,842,000) (2022: HK$264,201,000 (net of allowance for credit losses of HK$18,551,000)) and out of these trade receivables of HK$77,158,000 (2022: HK$86,651,000) were past due.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables is disclosed in notes 23 and 32.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Allowance for inventories

The Group manufactures and sells Displays products and the valuation of the inventories is subject to technical obsolescence. When there is a downward trend in the market, the selling price of the Displays products of the Group may decrease which imposes pressures on the net realisable values of inventories. The management of the Group is required to exercise judgement and estimates to identify obsolete or slow-moving inventories and determine the allowance for inventories at the end of the reporting period. The management of the Group reviews the usability and saleability of inventories taking into account the nature of inventories, prevailing market conditions, ageing categories and subsequent usages/sales. Where the inventories are determined to be obsolete or slow-moving inventories, the management of the Group determines the allowance for inventories primarily based on latest selling prices in recent sale or the market prices and the necessary costs to make the sales. Where the actual net realisable values of the inventories are less than expected, further allowance for inventories may arise. During the year, the Group reversed allowance for inventories amounting to HK$4,567,000 (2022: recognised allowance amounting to HK$20,392,000). As at 31st March, 2023, the carrying amount of inventories is HK$184,683,000 (net of allowance for inventories of HK$55,241,000) (2022: HK$276,602,000 (net of allowance for inventories of HK$73,886,000)).

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

The Group's revenue represents income from manufacture and sales of LCDs, LCMs, TFTs and CTPs ("Displays") products.

For types of goods sold and geographic markets of the customers, please refer to note 6 for details.

(ii) Performance obligations for contracts with customers

Revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been delivered and titles are passed to customers according to the specific shipping terms. Following the delivery, the customer has full discretion over the usage of the goods, has the primary responsibility when on utilising the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 150 days upon delivery.

The Group normally receives 30% to 100% of the contract value as deposits from certain new customers when the sale order is issued. When the Group receives advance payment from customer, this will give rise to contract liabilities at the start of a contract, until the revenue recognised upon the satisfaction of the performance obligation.

As sales return is rare and not significant to the Group, the Group reverses the revenue when sales return is successfully logged by the customers.

5. REVENUE (CONTINUED)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers of the Group are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

Information reported to the executive directors of the Group, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The Group has only one reportable and operating segment as Displays.

The management of the Group assesses the performance of the reportable segment based on the revenue and segment profit. The accounting policies of the reportable segment are the same as the Group's accounting policies.

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

	2023 ***HK$'000***	2022 *HK$'000*
Revenue – Displays	**1,325,806**	1,266,641
Segment profit – Displays	**88,079**	98,555
Interest income	**22,213**	6,427
Rental income from investment properties	**1,147**	1,217
Net exchange gain (loss)	**6,481**	(4,949)
Gain on fair value changes of financial assets at FVTPL	**–**	2,574
(Loss) gain on fair value changes of derivative financial instruments	**(3,189)**	970
Gain on derecognition of debt investments at amortised cost	**8,720**	–
Allowance on credit losses on other receivables	**–**	(1,310)
Allowance on credit losses on debt investments at amortised cost	**(56,584)**	(1,256)
Unallocated administrative expenses	**(8,555)**	(6,310)
Finance costs	**(943)**	(632)
Gain on disposal of equity interests of an associate	**241,503**	–
Gain on deemed disposal of associates	**195,586**	465
Share of results of associates	**242,572**	210,637
Profit before income tax	**737,030**	306,388

6. SEGMENT INFORMATION (CONTINUED)

Segment profit represents the gross profit generated in operating segment and certain items of other income, other gains and losses, net of selling and distribution expenses and administrative expenses directly attributable to the segment without allocation of interest income, rental income from investment properties, net exchange differences, gain (loss) on fair value changes of financial assets at FVTPL and derivative financial instruments, gain on derecognition of debt investments at amortised cost, allowances on credit losses on other receivables and debt investments at amortised cost, unallocated administrative expenses, finance costs, gain on disposal of equity interests of an associate, gain on deemed disposal of associates, and share of results of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue by type of products:

	2023	2022
	HK$'000	*HK$'000*
		(Note)
LCDs	**180,739**	236,241
LCMs	**545,624**	620,517
TFTs	**278,871**	205,969
CTPs	**320,572**	203,914
	1,325,806	1,266,641

Note: Prior year disclosure have been reclassified to conform with the current year's presentation.

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.

6. SEGMENT INFORMATION (CONTINUED)

Other segment information

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

For the year ended 31st March, 2023

	Displays	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	**48,612**	**201**	**48,813**
Depreciation of right-of-use assets	**5,056**	**–**	**5,056**
Depreciation of investment properties	**–**	**201**	**201**
Impairment loss recognised on property, plant and equipment	**16,279**	**–**	**16,279**
Net loss on disposal and written off of property, plant and equipment	**341**	**–**	**341**
Allowance on credit losses on trade receivables, net	**(1,735)**	**–**	**(1,735)**
Allowance on credit losses on debt investments at amortised cost	**–**	**56,584**	**56,584**
Gain on derecognition on debt investments at amortised cost	**–**	**(8,720)**	**(8,720)**
Reversal of allowance for inventories	**(4,567)**	**–**	**(4,567)**

For the year ended 31st March, 2022

	Displays	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	49,178	202	49,380
Depreciation of right-of-use assets	4,871	–	4,871
Depreciation of investment properties	–	202	202
Net loss on disposal and written off of property, plant and equipment	373	–	373
Allowance on credit losses on trade receivables, net	1,675	–	1,675
Allowance on credit losses on other receivables	–	1,310	1,310
Allowance on credit losses on debt investments at amortised cost	–	1,256	1,256
Recognition of allowance for inventories	20,392	–	20,392

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group operates in two principal geographical areas, including Hong Kong and the 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 *(Note)*	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People' of Republic of China, other than Hong Kong, Macau and Taiwan (the "PRC")	**236,235**	274,759	**2,288,875**	2,180,976
Germany	**196,806**	188,910	**–**	–
United States	**145,659**	108,041	**–**	–
Japan	**111,613**	102,681	**–**	–
Switzerland	**107,844**	60,196	**–**	–
Taiwan	**100,301**	111,882	**–**	–
Hong Kong	**99,106**	122,120	**6,793**	7,904
Spain	**56,090**	67,284	**–**	–
Other European countries	**170,042**	149,444	**5,109**	1,317
Other Asian countries	**80,916**	56,523	**–**	–
Other countries	**21,194**	24,801	**–**	–
	1,325,806	1,266,641	**2,300,777**	2,190,197

Note: Non-current assets exclude loan receivables and debt investments at amortised cost.

Information about major customers

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

7. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Government grants *(Note)*	**2,346**	1,424
Tooling income	**1,867**	3,031
Scrap sales	**782**	1,026
Rental income from investment properties	**1,147**	1,217
Interest income		
– debt investments at amortised cost	**16,733**	4,245
– bank and others	**5,480**	2,182
Compensation income	**538**	281
Others	**2,958**	3,218
	31,851	16,624

Note: The amount represented cash received from Covid-19-related subsidies by the respective local governments in the PRC and Hong Kong.

8. OTHER GAINS AND LOSSES

	2023	2022
	HK$'000	*HK$'000*
Gain on fair value changes of financial assets at FVTPL	**–**	2,574
(Loss) gain on fair value changes of derivative financial instruments	**(3,189)**	970
Impairment loss recognised on property, plant and equipment	**(16,279)**	–
Net loss on disposal and written off of property, plant and equipment	**(341)**	(373)
Net exchange gain (loss)	**6,481**	(4,949)
	(13,328)	(1,778)

9. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowings	**605**	235
Interest on lease liabilities	**338**	397
	943	632

10. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	**5,610**	4,783
The PRC Enterprise Income Tax ("EIT")	**3,478**	5,381
Withholding tax for gain on disposal of equity interests	**34,728**	–
Withholding tax for distributed profits	**1,816**	4,231
Other jurisdictions	**3,926**	2,194
	49,558	16,589
Deferred taxation *(note 29)*		
Charge for the year	**26,228**	7,446
	75,786	24,035

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying companies will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of companies not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

10. INCOME TAX EXPENSE (CONTINUED)

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% for both years. Pursuant to the relevant law and regulations in the PRC, one of the Company's PRC subsidiaries was approved as Hi-Tech Enterprise and entitled to 15% PRC Enterprise Income Tax rate. Accordingly, the PRC Enterprise Income Tax of that PRC subsidiary was provided at 15% (2022: 15%) for the year ended 31st March, 2023. The qualification as a Hi-Tech Enterprise will be subject to review by the relevant tax authorities in the PRC for every three years.

Under 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 PRC 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%.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

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:

	2023	2022
	HK$'000	*HK$'000*
Profit before income tax	**737,030**	306,388
Tax at Hong Kong Profits Tax rate of 16.5%	**121,610**	50,554
Tax effect of share of results of associates	**(40,024)**	(34,755)
Tax effect of expenses that are not deductible for tax purposes	**11,184**	2,666
Tax effect of income not taxable for tax purposes	**(74,191)**	(2,033)
Tax effect of research and development expenses that are additionally deducted *(Note)*	**(4,859)**	(1,639)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**155**	2,682
Utilisation of tax losses previously not recognised	**(208)**	(1,605)
Tax effect of tax losses and other deductible temporary difference not recognised	**454**	4,181
Withholding tax in the PRC	**62,772**	7,446
Income tax at concessionary rate	**(2,197)**	(4,774)
Others	**1,090**	1,312
Income tax expense for the year	**75,786**	24,035

Note: Pursuant to Caishui [2018] circular No. 99, Jiangmen Yeebo Semiconductor Co., Limited, one of the subsidiaries of the Group, enjoys super deduction of 200% (2022: 200%) on qualifying research and development expenditures for the year ended 31st March, 2023.

11. PROFIT FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	**231,065**	227,259
Retirement benefit scheme contributions, including directors	**19,661**	17,360
Share-based payment expenses	**1,538**	2,350
Total staff costs	**252,264**	246,969
Auditor's remuneration	**3,255**	3,035
Cost of inventories recognised as expenses	**1,102,514**	1,066,985
(Reversal) recognition of allowance for inventories, net	**(4,567)**	20,392
Depreciation of property, plant and equipment	**48,813**	49,380
Depreciation of right-of-use assets	**5,056**	4,871
Depreciation of investment properties	**201**	202
Total depreciation	**54,070**	54,453
Share of tax of associates (included in share of results of associates)	**38,104**	11,562

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

For the year ended 31st March, 2023

	Fees	Salaries and other benefits	Share-based payment expenses *(Note iv)*	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors *(Note i)*:					
Fang Hung, Kenneth (passed away on 28th August, 2022)	–	600	–	–	600
Fang Yan Tak, Douglas *(Note ii)*	125	770	–	33	928
Li Kwok Wai, Frankie *(Note iii)*	–	5,079	–	254	5,333
Leung Tze Kuen	–	1,620	477	81	2,178
Non-executive Directors *(Note i)*:					
Chen Shuang	300	–	–	–	300
Independent non-executive Directors *(Note i)*:					
Chu Chi Wai, Allan	300	–	–	–	300
Lau Yuen Sun, Adrian	300	–	–	–	300
Lau Kei May	300	–	–	–	300
	1,325	8,069	477	368	10,239

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

For the year ended 31st March, 2022

	Fees	Salaries and other benefits	Share-based payment expenses *(Note iv)*	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors *(Note i)*:					
Fang Hung, Kenneth	–	1,440	–	–	1,440
Li Kwok Wai, Frankie *(Note iii)*	–	4,354	–	217	4,571
Leung Tze Kuen	–	1,200	717	60	1,977
Non-executive Directors *(Note i)*:					
Fang Yan Tak, Douglas *(Note ii)*	300	–	–	–	300
Chen Shuang	300	–	–	–	300
Independent non-executive Directors *(Note i)*:					
Chu Chi Wai, Allan	300	–	–	–	300
Lau Yuen Sun, Adrian	300	–	–	–	300
Lau Kei May	300	–	–	–	300
	1,500	6,994	717	277	9,488

Notes:

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

(ii) Mr. Fang Yin Tak, Douglas had been appointed as Chairman of the Company with effect from 1st September, 2022, and re-designated from a Non-executive Director to an Executive Director on the same date.

(iii) 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.

(iv) One director was granted awarded shares, in respect of its services to the Group under the share award scheme of the Company. Details of the share award scheme are set out in note 35.

No director waived any emoluments for any of the two years reported.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2022: two) were directors of the Company whose emoluments are included in note 12 above. The emoluments of the remaining three (2022: three) individuals were as follows:

	2023	2022
	HK$'000	*HK$'000*
Salaries and other benefits	**8,665**	7,382
Retirement benefit scheme contributions	**1,963**	1,923
Total emoluments	**10,628**	9,305

Their emoluments were within the following bands:

	2023	2022
	No. of employees	*No. of employees*
HK$2,000,001 to HK$2,500,000	**1**	1
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	1
HK$4,000,001 to HK$4,500,000	**1**	–

No remuneration was paid to directors and five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

14. DIVIDENDS

Dividends recognised as distributions during the year:

	2023	2022
	HK$'000	*HK$'000*
2022 Final dividend of HK5.0 cents per share (2022: 2021 Final dividend of HK2.0 cents per share)	**49,334**	19,862
2022 Special dividend of HK20 cents per share (2022: nil)	**196,181**	–
	245,515	19,862

14. DIVIDENDS (CONTINUED)

The difference between the above amounts and the amount of dividends recognised as a distribution disclosed in the consolidated statement of changes in equity represented the dividends to be paid to the Group's share award scheme.

Subsequent to the end of the reporting period, a final dividend and a second special dividend in respect of the year ended 31st March, 2023 of HK5.0 cents and HK5.0 cents, respectively (2022: final dividend in respect of the year ended 31st March, 2022 of HK5.0 cents) per ordinary share, in an aggregate amount of HK$97,175,000 (2022: HK$49,654,000), have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

15. EARNINGS PER SHARE

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

	2023 ***HK$'000***	2022 *HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**615,109**	266,579

	2023 **Number** **of shares** ***'000***	2022 Number of shares *'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**967,036**	977,797
Effect of dilutive potential ordinary shares in respect of outstanding share awards	**6,739**	7,276
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**973,775**	985,073

The weighted average number of ordinary shares for the purpose of basic earnings per share shown above have been arrived at after deducting shares held by the share award scheme trust. The directors of the Company assessed that there is no material impact on the diluted earnings per share on the share-based payment transaction in associates.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000 (Note)	Furniture and fixtures HK$'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, 2021	141,072	114,680	14,409	374,984	8,653	28,041	681,839
Exchange realignment	5,424	3,545	511	15,965	144	1,147	26,736
Additions	–	808	84	33	–	59,414	60,339
Disposals and written off	–	–	(198)	(4,635)	–	–	(4,833)
Transfers	–	12,605	1,428	44,877	182	(59,092)	–
At 31st March, 2022	146,496	131,638	16,234	431,224	8,979	29,510	764,081
Exchange realignment	(10,331)	(9,478)	(1,004)	(32,147)	(236)	(2,123)	(55,319)
Additions	–	305	226	738	390	31,742	33,401
Disposals and written off	–	(2,565)	(2,203)	(11,771)	(473)	–	(17,012)
Transfers	–	10,998	4,296	33,616	–	(48,910)	–
At 31st March, 2023	**136,165**	**130,898**	**17,549**	**421,660**	**8,660**	**10,219**	**725,151**
DEPRECIATION AND IMPAIRMENT							
At 1st April, 2021	60,741	78,038	10,891	277,731	7,394	–	434,795
Exchange realignment	2,450	2,034	343	11,780	77	–	16,684
Provided for the year	6,765	8,985	935	31,981	714	–	49,380
Eliminated on disposals and written off	–	–	(179)	(4,147)	–	–	(4,326)
At 31st March, 2022	69,956	89,057	11,990	317,345	8,185	–	496,533
Exchange realignment	(4,958)	(6,448)	(697)	(23,652)	(223)	–	(35,978)
Provided for the year	6,359	12,296	1,286	28,667	205	–	48,813
Impairment loss recognised in profit or loss	–	3,389	648	12,242	–	–	16,279
Eliminated on disposals and written off	–	(2,411)	(2,143)	(11,370)	(423)	–	(16,347)
At 31st March, 2023	**71,357**	**95,883**	**11,084**	**323,232**	**7,744**	**–**	**509,300**
CARRYING VALUES							
At 31st March, 2023	**64,808**	**35,015**	**6,465**	**98,428**	**916**	**10,219**	**215,851**
At 31st March, 2022	76,540	42,581	4,244	113,879	794	29,510	267,548

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Land and buildings	Over the lease term
Furniture and fixtures	10 – 25%
Office equipment	15 – 25%
Plant and machinery	10 – 25%
Motor vehicles	10 – 20%

Note: The carrying amounts of owner-occupied leasehold land and buildings of HK$64,808,000 (2022: HK$76,540,000) at the end of the reporting period included both the leasehold land and building elements in property, plant and equipment, as in the opinion of the directors of the Company, allocations of the carrying amounts between the leasehold land and buildings elements cannot be made reliably.

Impairment assessment

Due to the suspension and low utilisation of certain production lines identified by the management during the current year, the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment with carrying amounts of HK$25,127,000. The recoverable amount of property, plant and equipment, within the Displays segment, are estimated individually.

The recoverable amounts of the property, plant and equipment have been determined based on their fair value less costs of disposal. The Group estimates the fair value less costs of disposal of the assets by obtaining quotation from a third party buyer. The relevant assets were impaired to their recoverable amount of HK$8,848,000 (2022: nil), which is their carrying values at year end and the total impairment loss of HK$16,279,000 (2022: nil) has been recognised in profit or loss during the year.

17. RIGHT-OF-USE ASSETS

	Rented premises *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
At 31st March, 2023			
Carrying amount	**15,092**	**1,338**	**16,430**
At 31st March, 2022			
Carrying amount	6,248	863	7,111
For the year ended 31st March, 2023			
Depreciation charge	**4,386**	**670**	**5,056**
For the year ended 31st March, 2022			
Depreciation charge	4,275	596	4,871

	2023 ***HK$'000***	2022 *HK$'000*
Expense relating to short-term leases	**645**	684
Total cash outflow for leases	**(6,067)**	(5,913)
Addition to right-of-use assets	**14,630**	1,355

For both years, the Group leases various rented premises and motor vehicles. Lease contracts are entered into for fixed term of 2 to 5 years and with fixed lease payments. Lease terms are negotiated on individual basis and contain different terms. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The right-of-use assets are depreciated for 2 to 5 years.

During the year, the Group entered into new lease agreements for the use of leased properties for 2 to 5 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of HK$14,630,000 and HK$14,630,000 (2022: HK$1,355,000 and HK$1,355,000) respectively.

The Group regularly entered into short-term leases for rented premises. As at 31st March, 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in this note above.

17. RIGHT-OF-USE ASSETS (CONTINUED)

Restrictions or covenants on leases

In addition, lease liabilities of HK$16,697,000 are recognised with related right-of-use assets of HK$16,430,000 as at 31st March, 2023 (2022: lease liabilities of HK$7,415,000 and related right-of-use assets of HK$7,111,000). The lease agreements do not impose any covenants in the leased assets that are held by the lessors, and the relevant leased assets may not be used as security for borrowing purposes.

18. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1st April, 2021, 31st March, 2022 and 2023	**1,892**
DEPRECIATION	
At 1st April, 2021	715
Provided for the year	202
At 31st March, 2022	917
Provided for the year	201
At 31st March, 2023	**1,118**
CARRYING VALUES	
At 31st March, 2023	**774**
At 31st March, 2022	975

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

As at 31st March, 2023, the fair value of the Group's investment properties was HK$34,700,000 (2022: HK$34,700,000).

18. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the investment properties as at 31st March, 2023 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited (2022: 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 determined based on the market approach and arrived at by reference to market evidence of transaction prices for similar properties.

The Group leased out its investment properties under an operating lease with fixed rental receivable monthly. The leases typically run for an initial period of 1 to 2 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as the lease is denominated in the respective functional currency of the group entity. The lease contract does not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

Rental income from investment properties for the year is HK$1,147,000 (2022: HK$1,217,000). The direct operating expenses incurred for investment properties that generated rental income during the year is HK$201,000 (2022: HK$202,000).

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Commercial properties located in Hong Kong		
Carrying amount	**774**	975

	2023 ***HK$'000***	2022 *HK$'000*
Fair value at Level 3 hierarchy	**34,700**	34,700

19. INTERESTS IN ASSOCIATES

	2023	2022
	HK$'000	*HK$'000*
Cost of investments in associates		
Listed in the PRC	**653,963**	518,114
Unlisted	**18,038**	183,052
Share of post-acquisition results and other comprehensive income, net of dividends received:		
Listed in the PRC	**1,420,110**	1,060,888
Unlisted	**9,228**	35,440
Exchange adjustments	**(39,968)**	95,915
	2,061,371	1,893,409
Fair value of listed associates *(Note)*	**7,880,427**	6,879,781

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

Share of results of associates

	2023	2022
	HK$'000	*HK$'000*
Listed in the PRC:		
Share of profits	**241,799**	193,533
Unlisted associates:		
Share of profits	**773**	17,104
	242,572	210,637

19. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the Group's associates as at 31st March, 2023 and 2022 are as follows:

Name	Form of enterprise	Place of incorporation or registration/ operation	Proportion of nominal value of issued capital controlled by the Group 2023	2022	Principal activities
Listed in the PRC					
Nantong Jianghai Capacitor Co., Limited ("Nantong Jianghai") 南通江海電容器股份有限公司	Sino-foreign cooperate joint stock company	The PRC	**29.10%** ***(Note 1)***	31.07% *(Note 1)*	Manufacturing and trading of aluminium electrolytic capacitors, thin film capacitors and super capacitors
Suzhou QingYue Optoelectronics Technology Co. Limited ("Suzhou QingYue") 蘇州清越光電科技股份有限公司	Sino-foreign cooperate joint stock company (2022: Sino-foreign cooperate limited liability company)	The PRC	**28.08%** ***(Note 2)***	35.10% *(Note 2)*	Development, manufacturing and selling of organic light emitting diode ("OLED") display products
Unlisted associate					
Zaozhuang Reinno Electronics Technology Co. Limited ("Zaozhuang Reinno") 棗莊睿諾電子科技有限公司	Sino-foreign cooperate limited liability company	The PRC	**40.00%**	40.00%	Development, manufacturing and selling of flexible printed circuits and other electronic products

19. INTERESTS IN ASSOCIATES (CONTINUED)

Note 1: According to the "Guide to Listed Companies' Articles of Association《上市公司章程指引》" issued by China Securities Regulatory Commission, a company is treated as the controlling shareholder of a company listed in the PRC if it holds more than 30% of the shareholding of the said listed company or if its shareholding/voting right is enough to have a significant influence on the votings in the listed company's shareholders general meetings. Billion Power Investment Limited ("Billion Power"), a wholly-owned subsidiary of the Company, has significant influence but not control, over Nantong Jianghai by virtue of the fact that it has a shareholding of 29.10% (2022: 31.07%) of the voting rights. The decrease in shareholding is due to the disposal of the equity interests and dilution effect in relation to the exercise of the share option by directors and employees of Nantong Jianghai. In respect of the dilution, a loss on deemed disposal, amounted to HK$1,175,000 (2022: gain on deemed disposal of HK$465,000). Regardless of the fact that Billion Power is disclosed as the controlling shareholder Nantong Jianghai in Nantong Jianghai's public documents in the PRC, it is accounted for as interest in an associate using the equity method under HKAS 28 "Investments in Associates and Joint Ventures" as the Group has significant influence over the financial and operating decisions but not control of Nantong Jianghai.

Note 2: The shares of Suzhou QingYue have been listed on the Science and Technology Innovation Board of Shanghai Stock Exchange and trading of the shares have commenced on 28th December, 2022. Immediately after the listing, the Group's shareholding in Suzhou QingYue has decreased from 35.10% to 28.08%. The directors determines that the Group retains significant influence over Suzhou QingYue and accounts for the transaction as a deemed partial disposal of its investment in Suzhou QingYue. The Group compares the carrying amount of the disposed interest to its share of the cash subscribed by the other investors in order to calculate the dilution gain or loss resulting from this deemed partial disposal. This results in the recognition of a dilution gain of HK$196,761,000 in the consolidated financial statements of the Group. Following the partial disposal, the investment in Suzhou QingYue continues to be accounted for using the equity method with the Group's share of profit or loss and other comprehensive income from Suzhou QingYue based on its remaining 28.08% interest.

Summarised financial information of material associates

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 information prepared in accordance with HKFRSs adjusted by the Group for equity accounting purposes.

All of these associates are accounted for using equity method in these consolidated financial statements.

Nantong Jianghai

Financial position

	2023	2022
	HK$'000	*HK$'000*
Current assets	**4,701,192**	4,145,235
Non-current assets	**3,062,312**	2,990,664
Current liabilities	**(1,560,898)**	(1,409,204)
Non-current liabilities	**(438,867)**	(227,786)

19. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (Continued)

Nantong Jianghai (Continued)

Results for the year

	2023	2022
	HK$'000	*HK$'000*
Revenue	**5,372,957**	4,501,711
Profit for the year	**761,606**	622,892
Other comprehensive expense for the year	**(17,839)**	(13,039)
Total comprehensive income for the year	**743,767**	609,853
Dividend received from the associate during the year	**36,327**	37,427

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

	2023	2022
	HK$'000	*HK$'000*
Net assets of Nantong Jianghai	**5,763,739**	5,498,909
Non-controlling interests of Nantong Jianghai	**(27,382)**	(43,592)
Proportion of the Group's ownership interest in Nantong Jianghai	**29.10%**	31.07%
The Group's share of net assets of Nantong Jianghai	**1,669,280**	1,694,967
Other adjustments *(Note)*	**(40,339)**	(36,269)
Carrying amount of the Group's interest in Nantong Jianghai	**1,628,941**	1,658,698

Note: Other adjustments included share-based payment transaction at Nantong Jianghai granted to its employees and the consideration in excess of the carrying amount of the non-controlling interests of Nantong Jianghai upon acquisition of the additional interests in subsidiaries acquired by Nantong Jianghai.

19. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (Continued)

Suzhou QingYue

Financial position

	2023 HK$'000	2022 HK$'000
Current assets	**1,475,259**	893,531
Non-current assets	**991,991**	1,028,702
Current liabilities	**(554,935)**	(866,903)
Non-current liabilities	**(274,832)**	(264,873)

Results for the year

	2023 HK$'000	2022 HK$'000
Revenue	**1,270,112**	889,000
Profit for the year	**39,537**	50,555
Other comprehensive income for the year	**2,716**	24,169
Total comprehensive income for the year	**42,253**	74,724

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

	2023 HK$'000	2022 HK$'000
Net assets of the Suzhou QingYue	**1,637,483**	790,457
Non-controlling interests of Suzhou QingYue	**(177,889)**	(197,002)
Proportion of the Group's ownership interest in Suzhou QingYue	**28.08%**	35.1%
The Group's share of net assets of Suzhou QingYue	**409,854**	208,303
Other adjustments *(Note)*	**(3,642)**	(1,089)
Carrying amount of the Group's interest in Suzhou QingYue	**406,212**	207,214

Note: Other adjustments included share-based payment transaction of Suzhou QingYue granted to its employees of Suzhou QingYue.

19. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (Continued)

Zaozhuang Reinno

Financial position

	2023	2022
	HK$'000	*HK$'000*
Current assets	**152,045**	99,340
Non-current assets	**86,371**	97,382
Current liabilities	**(165,634)**	(119,764)
Non-current liabilities	**(7,237)**	(8,216)

Results for the year

	2023	2022
	HK$'000	*HK$'000*
Revenue	**321,249**	100,988
Profit (loss) and total comprehensive income (expense) for the year	**1,932**	(1,603)
Dividend received from the associate during the year	**–**	436

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

	2023	2022
	HK$'000	*HK$'000*
Net assets of Zaozuang Reinno	**65,545**	68,742
Proportion of the Group's ownership interest in Zaozhuang Reinno	**40%**	40%
Carrying amount of the Group's interest in Zaozhuang Reinno	**26,218**	27,497

20. DEBT INVESTMENTS AT AMORTISED COST

	2023	2022
	HK$'000	HK$'000
Debt investments	18,305	40,300
Impairment gain recognised (allowance for credit losses)	14,573	(1,256)
	32,878	39,044
Analysed for reporting purposes as:		
Non-current assets	32,878	15,160
Current assets	–	23,884
	32,878	39,044

During the current year, the Group purchased debt investments at PRC's real estate entity with purchase costs of US$5,015,000 (equivalent to HK$39,320,000) (2022: US$5,882,000 (equivalent to HK$45,671,000)), and received repayments of debt investments amounted to US$1,157,000 (equivalent to HK$9,084,000) (2022: US$1,000,000 (equivalents to HK$7,829,000)). These notes carry coupon rate ranged from 5.6% to 6.75% per annum (31st March, 2022: 5.6% to 7.25% per annum).

On 31st October, 2022, the issuer of the debt investments at amortised cost (the "Issuer") announced the plan to seek for the consent of the bondholders, the maturity date of all debt investments issued by the Issuer, which originally matured during November 2022 to September 2023, were extended by one to two years, the Group determined the debt investments were default because the significant financial difficulty of the Issuer and the past due status of the debt investments. Accordingly, an allowance for credit losses amounted to HK$71,157,000 was recognised.

In November 2022, the consent of the bondholders were obtained by the Issuer for the extension of maturity date of debt investments. Following the extension, these debt investments will be matured during June 2024 to September 2025.

20. DEBT INVESTMENTS AT AMORTISED COST (CONTINUED)

Since the revised terms have resulted in a substantial modification from the original terms, the carrying amount of the debt investments of HK$9,177,000 was derecognised and the fair value of the modified debt investments of HK$17,897,000 was recognised at the date of modification. This resulted in a gain on derecognition of HK$8,720,000 which was recognised in the profit or loss for the year ended 31st March, 2023. Subsequent to the modification of the debt investments, an impairment gain of HK$14,573,000 was recognised in the profit or loss for the enhancement of credit risk of the modified debt investment.

The credit-impaired effective interest rates of the modified debt investments are ranged from 1.8% to 11.5% (2022: effective interest rates are ranged from 8.3% to 11.8%) for the year ended 31st March 2023.

Details of impairment assessment of debt investments at amortised cost are set out in note 32b.

21. 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.

22. INVENTORIES

	2023	2022
	HK$'000	*HK$'000*
Raw materials	**41,514**	84,324
Work in progress	**18,406**	40,441
Finished goods	**124,763**	151,837
	184,683	276,602

23. TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	**231,858**	282,752
Less: Allowance for credit losses *(Note 32(b))*	**(13,842)**	(18,551)
	218,016	264,201
Loan receivables *(Note a)*	**46,332**	50,304
Other receivables	**7,726**	10,702
Deposits	**895**	2,489
Prepayments	**27,342**	60,034
	300,311	387,730
Analysed for reporting purposes as:		
Non-current assets *(Note b)*	**4,892**	50,068
Current assets	**295,419**	337,662
	300,311	387,730

Note a: Loan receivables at 31st March, 2023 mainly include:

(i) the principal of the unsecured loan to the shareholder of Suzhou QingYue, associate of the Group, amounting to RMB24,000,000 (equivalent to HK$27,430,000) (2022: RMB24,000,000 (equivalent to HK$29,640,000)) which is repayable in August 2023 (2022: August 2023). The loan receivable carries interests at fixed rate of 4.35% (2022: 4.35%).

(ii) the principal of the secured loan to the shareholder of Zaozhuang Reinno, associate of the Group, amounting to RMB14,000,000 (equivalent to HK$16,002,000) (2022: RMB14,000,000 (equivalent to HK$17,290,000)) which is repayable on demand. The loan receivable carries interests at fixed rate of 2% (2022: 2%).

Note b: Non-current assets include prepayments of property, plant and equipment as at 31st March, 2023 (2022: loan to the shareholder of Suzhou QingYue and prepayments of property, plant and equipment).

At 1st April, 2021, trade receivables from contracts with customers amounted to HK$175,518,000.

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 32b, amounted to HK$142,178,000 (2022: HK$145,475,000).

The Group has a policy of allowing credit periods ranging from 30 days to 150 days.

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date.

	2023	2022
	HK$'000	*HK$'000*
1 – 30 days	**108,488**	142,367
31 – 60 days	**66,899**	55,079
61 – 90 days	**23,374**	42,889
91 – 120 days	**14,335**	14,981
Over 120 days	**4,920**	8,885
	218,016	264,201

As at 31st March, 2023, included in the Group's trade receivables net of allowance for credit losses balance are debtors with aggregate carrying amount of HK$77,158,000 (2022: HK$86,651,000) which are past due as at the reporting date. Out of the past due balances, HK$9,329,000 (2022: HK$16,257,000) has been past due 90 days or more and is not considered as in default as the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness and future economy conditions of each customer. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 32b.

24. CASH AND CASH EQUIVALENTS

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 4.735% (2022: 0.01% to 2.07%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities as stated in note 32b, amounted to approximately HK$164,580,000 (2022: HK$69,726,000).

Details of impairment assessment of bank balances are set out in note 32b.

25. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**153,475**	196,551
Accrued charges	**91,055**	83,439
Other payables	**26,907**	39,471
	271,437	319,461

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

	2023	2022
	HK$'000	*HK$'000*
1 – 30 days	**81,451**	115,754
31 – 60 days	**27,544**	29,969
61 – 90 days	**12,767**	22,634
91 – 120 days	**15,831**	11,856
Over 120 days	**15,882**	16,338
	153,475	196,551

The credit period on purchase of goods is 30 days to 120 days.

The Group's trade and other payables that are denominated in foreign currencies, other than functional currencies of the relevant group entities, amounted to HK$24,952,000 (2022: HK$19,943,000).

26. CONTRACT LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Deposits received from customers	**39,303**	47,742

As at 1st April, 2021, contract liabilities amounted to HK$14,938,000.

No significant financing component is involved for the above contract liabilities as they are realised within one year.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in current year.

	Amounts received in advance for sales of Displays products
	HK$'000
For the year ended 31st March, 2023	
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**47,742**
For the year ended 31st March, 2022	
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	14,938

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Contract liabilities primarily relate to deposits from customers when the sale order is issued. The Group receives 30% to 100% (2022: 30% to 100%)of the contract value as deposits from certain new customers when the sale order is issued. The entire amount of contract liabilities will be recognised as revenue when the customers obtained the control of the products.

27. BANK BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Bank borrowings – unsecured	**4,284**	12,033
Carrying amount of bank borrowings repayable based on scheduled repayment dates set out in the loan agreements:		
Within one year	**4,284**	12,033
Amounts due within one year shown under current liabilities	**4,284**	12,033

The bank borrowings are carried interest at a fixed rate of 2.51% (2022: 2.51% to 3.2%) per annum for the year ended 31st March, 2023.

28. LEASE LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Lease liabilities payable:		
Within one year	**4,750**	4,477
Within a period of more than one year but not more than two years	**3,499**	1,888
Within a period of more than two years but not more than five years	**8,448**	1,050
	16,697	7,415
Less: Amount due for settlement within 12 months shown under current liabilities	**(4,750)**	(4,477)
Amount due for settlement after 12 months shown under non-current liabilities	**11,947**	2,938

The weighted average incremental borrowing rates applied to lease liabilities is 3.99% (2022: 4.13%).

29. DEFERRED TAXATION

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

	Temporary differences on interest in associates *(Note)* *HK$'000*	Undistributed profits in associates *HK$'000*	Undistributed other comprehensive income in associates *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1st April, 2021	32,981	39,263	929	1,911	75,084
Withholding tax paid	–	(1,893)	–	(2,338)	(4,231)
Charge to profit or loss	–	11,419	–	258	11,677
Charge to other comprehensive income	–	–	646	–	646
Exchange differences	1,342	1,770	50	45	3,207
At 31st March, 2022	34,323	50,559	1,625	(124)	86,383
Withholding tax paid	(2,176)	(4,060)	–	–	(6,236)
Charge to profit or loss	19,676	12,788	–	–	32,464
Credit to other comprehensive income	–	–	(177)	–	(177)
Exchange differences	(2,182)	(3,805)	(120)	–	(6,107)
At 31st March, 2023	**49,641**	**55,482**	**1,328**	**(124)**	**106,327**

Note: Pursuant to the non-public offering of shares of Nantong Jianghai in 2016 and public offering of shares of Suzhou QingYue in 2022, the Group's interest in Nantong Jianghai and Suzhou QingYue increased, resulting in an increase in the temporary differences in interests in associates.

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 PRC 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.

29. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group had temporary differences, including unused tax losses, allowance for credit losses on trade and other receivables and interest receivables of debt investments at amortised cost, allowance of inventories, acceleration of depreciation, etc, amounted to HK$23,650,000 (2022: HK$22,159,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses and temporary differences for both years due to the unpredictability of future profit streams. Included in unrecognised tax losses are HK$1,653,000 (2022: HK$1,261,000) that will expire within five years. The remaining unrecognised tax losses may be carried forward indefinitely.

The Group has recognised a deferred tax liability for the Group's share of the undistributed distributable profits earned by its PRC associates since 1st January, 2008. Deferred tax liabilities in respect of the distributable profits retained by the Group's PRC subsidiaries have not been recognised 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 be reversed in the foreseeable future.

30. SHARE CAPITAL

	Number of shares *'000*	Share capital *HK$'000*
Authorised ordinary shares of HK$0.2 each	2,000,000	400,000
Issued and fully paid		
At 1st April, 2021	999,641	199,928
Share repurchased and cancelled	(6,560)	(1,312)
At 31st March, 2022	993,081	198,616
Share repurchased and cancelled	(16,899)	(3,380)
At 31st March, 2023	**976,182**	**195,236**

30. SHARE CAPITAL (CONTINUED)

During the current year, the Company repurchased its own ordinary shares through SEHK as follows:

Month of repurchase	Number of ordinary shares of HK$0.2 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
	'000	*HK$*	*HK$*	*HK$'000*
June 2022	680	3.09	3.00	2,079
July 2022	3,920	3.35	2.94	12,351
August 2022	1,800	3.09	2.98	5,509
September 2022	2,079	3.07	2.90	6,246
October 2022	3,236	3.02	2.89	9,615
November 2022	152	2.95	2.90	447
December 2022	1,374	3.10	2.68	4,061
January 2023	1,440	3.10	2.99	4,404
February 2023	1,832	3.05	2.94	5,524
March 2023	2,642	3.03	2.49	7,509
Total	19,155			57,745

16,899,171 out of total repurchased ordinary shares were cancelled during the current year, while the remaining 2,256,000 repurchased ordinary shares were subsequently cancelled in June 2023.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the current period.

31. 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 of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, 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.

32. FINANCIAL INSTRUMENTS

32a. Categories of financial instruments

	2023	2022
	HK$'000	*HK$'000*
Financial assets		
At amortised cost	**606,160**	471,074
Financial liabilities		
At amortised cost	**184,666**	248,055
Derivative financial instruments	**3,262**	73

32b. Financial risk management objective and policies

The Group's financial instruments include derivative financial instruments, trade receivables, loan receivables, other receivables and deposits, debt investments at amortised cost, cash and cash equivalents, trade and other payables, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

(i) Currency risk

Several group entities have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 52% (2022: 50%) of the Group's sales are denominated in currencies other than the functional currency of the group entities making the sale, whilst approximately 18% (2022: 23%) of purchases of raw materials are denominated in currencies other than the functional currency of the group entities.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Market risks (Continued)

(i) Currency risk (Continued)

The carrying amount of the Group's significant monetary assets, including trade and other receivables, debt investments at amortised cost, cash and cash equivalents, monetary liabilities, including trade and other payables and intercompany balances, 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	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HKD	**76,650**	76,772	**67**	79,546
RMB	**22,725**	33,557	**7,226**	–
Taiwan dollars ("NT$")	**6,746**	7,429	**389**	–
Japanese Yen ("JPY")	**84**	487	**616**	1,174
United States dollars ("US$")	**444,527**	336,857	**155,002**	144,586
Swiss franc ("CHF")	**2,914**	3,188	**–**	18,947

The Group uses foreign exchange forward contracts to reduce certain foreign currency risk exposure between USD and RMB. At 31st March, 2023, the Group has entered into forward contracts in relation to the foreign currency amounting to HK$212,735,000 (2022: HK$109,217,000). The Group currently has a foreign exchange hedging policy and will consider hedging significant foreign exchange exposure should the need arises.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective 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 weaken 5% against relevant currencies. For a 5% strengthening of the functional currency of the relevant group entities against the relevant currencies, there would be an equal and opposite impact on the post-tax profit, and the balances below would be negative.

	2023	2022
	HK$'000	*HK$'000*
HKD	**3,197**	(116)
RMB	**647**	1,401
NT$	**265**	310
JPY	**(22)**	(29)
CHF	**122**	(658)

For the group entities with functional currency in HK$, as HK$ is pegged to US$, the exposure of a fluctuation in exchange risk of HK$ against 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.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 24 for details).

The Group is exposed to fair value interest rate risk in relation to debt investments at amortised cost (see note 20 for details), loan receivables (see note 23 for details), bank borrowings (see note 27 for details) and lease liabilities (see note 28 for details).

The directors of Company consider that cash flow interest rate risk is insignificant. The management continuously monitors interest rate fluctuations and will consider further hedging the interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis is presented since the directors of the Company consider the exposure of cash flow interest rate risk arising from variable-rate bank balances are limited due to their short maturities.

Credit risk and impairment assessment

At the end of the reporting period, the carrying amount of the respective recognised financial assets stated in the consolidated statement of financial position as trade receivables, loan receivables, other receivables and deposits, debt investments at amortised cost and bank balances represents the Group's maximum exposure to credit risk which will cause of financial loss due to failure to discharge an obligation by the counterparties.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines corresponding credit limits. Credit quality and limit attributed to customers are reviewed regularly. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on trade balances based on individual assessment for those debtors with credit-impaired and/or collective assessment through grouping of various debtors that have similar loss patterns, after considering ageing, repayment history and/or past due status of respective trade receivables.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

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, Mainland China and United States and with a good payment history, accounted for 26% (2022: 26%) of the Group's total trade receivables. The Group monitors 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.

Loan receivables

The Group has a policy for assessing the impairment on loans receivables on individual basis. These debtors are mainly shareholders of associates or employees of the Group. The ECL rates are estimated based on historical observed default rates and forward looking information, including but not limited to the historical settlement patterns and financial status of each borrower, and forecasted global economy, respectively.

Based on assessment by the management, the probability of default is low in view of the historical observed default rates, the credit quality classification and forward-looking information, including but not limited to the historical settlement patterns and financial status of each borrower and the management considers the ECL for loan receivables is insignificant and therefore no loss allowance was recognised.

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31st March, 2023, no ECL allowance on other receivables (2022: HK$1,310,000) is recognised in the profit or loss.

Debt investments at amortised cost

The Group only invests in debt investments at amortised cost. The Group's debt investments at amortised cost mainly comprise listed bonds that are graded in speculative credit risk investments (Caa3 in Moody's Rating Scale) as per globally understood definitions. During the year ended 31st March, 2023, ECL on debt investments at amortised cost amounting to HK$56,584,000 (2022: HK$1,256,000) is recognised in the profit or loss.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	**External credit rating**	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount 2023** ***HK$'000***	Gross carrying amount 2022 *HK$'000*
Financial assets at amortised cost						
Debt investments at amortised cost	*20*	*(Note i)*	N/A	Lifetime ECL (2022: 12m ECL)	**18,305**	40,300
Trade receivables	*23*	N/A	*(Note iii)*	Lifetime ECL (collective assessment)	**218,695**	275,196
			Loss *(Note iii)*	Lifetime ECL (individual assessment)	**13,163**	7,556
Loan receivables	*23*	N/A	*(Note iv)*	12m ECL	**46,332**	50,304
Other receivables and deposits	*23*	N/A	*(Note iv)*	12m ECL	**18,130**	14,501
Bank balances	*24*	*(Note ii)*	N/A	12m ECL	**300,171**	104,217

Notes:

(i) The Group's debt investments at amortised cost mainly comprise listed bonds that are graded in the speculative credit risk investments (Caa3 in Moody's Rating Scale) as per globally understood definitions and therefore are considered to be speculative credit risk investments.

(ii) Bank balances are deposited with financial institutions with high credit rating (A1 to Aa3 in Moody's Rating Scale) and are considered low credit risk financial assets. The directors of the Company consider these assets are short-term in nature and the probability of default is negligible on the basis of high-credit ratings. Therefore, no impairment allowance are made on theses balances.

(iii) As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on collective assessment within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of HK$13,163,000 as at 31st March, 2023 (2022: HK$7,556,000) were assessed individually.

(iv) For the purpose of internal credit risk management, the Group uses historical observed default rates and forward looking information, including but not limited to the historical settlement patterns and financial status of each borrower, and forecasted global economy, respectively, for loan receivables. In addition, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31st March, 2022, ECL allowance on other receivables amounted to HK$1,310,000 (2023: nil) is recognised in the profit or loss.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount

	2023		2022	
	Average loss rate	**Trade receivables**	Average loss rate	Trade receivables
	%	***HK$'000***	*%*	*HK$'000*
Internal credit rating				
Low risk	**0.21**	**172,026**	2.31	212,953
Watch list	**0.68**	**46,661**	5.85	40,802
Doubtful	**3.65**	**8**	18.49	21,441
Loss	**100**	**13,163**	100	7,556
		231,858		282,752

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL, not-credit impaired *HK$'000*	Lifetime ECL, credit-impaired *HK$'000*	Total *HK$'000*
At 1st April, 2021	13,446	2,718	16,164
Changes due to financial instruments recognised as at 1st April, 2021:			
– Transfer to credit-impaired	(622)	622	–
– Impairment loss recognised	–	2,357	2,357
– Impairment loss reversed	(10,094)	(1,377)	(11,471)
New financial assets originated	7,776	3,013	10,789
Exchange realignment	489	223	712
At 31st March, 2022	10,995	7,556	18,551
Changes due to financial instruments recognised as at 1st April, 2022:			
– Transfer to credit-impaired	(213)	213	–
– Impairment loss recognised	–	103	103
– Impairment loss reversed	(6,485)	(6,218)	(12,703)
New financial assets originated	8,904	1,961	10,865
Exchange realignment	(2,572)	(402)	(2,974)
At 31st March, 2023	**10,629**	**3,213**	**13,842**

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

Changes in the loss allowance for trade receivables are mainly due to:

	2023		2022	
	Increase/(decrease) in lifetime ECL		Increase/(decrease) in lifetime ECL	
	Not credit-impaired	**Credit-impaired**	Not credit-impaired	Credit-impaired
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Trade debtors with a gross carrying amount of HK$1,270,000 (2022: HK$2,979,000) defaulted and transferred to credit-impaired	**(213)**	**213**	(622)	622
Settlement in full of trade debtors with a gross carrying amount of HK$137,413,000 (2022: HK$153,346,000)	**(6,485)**	**(6,218)**	(10,094)	(1,377)
New trade receivables with gross carrying amount of HK$103,686,000 (2022: HK$282,752,000)	**8,904**	**1,961**	7,776	3,013

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

The following table shows the movement in lifetime ECL that has been recognised for debt investments at amortised cost.

	12m ECL	Lifetime ECL, credit-impaired	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1st April, 2021	–	–	–
New financial assets originated	1,256	–	1,256
At 31st March, 2022	1,256	–	1,256
Changes due to financial instruments recognised as at 1st April, 2022:			
– Transfer to credit-impaired	(1,256)	1,256	–
– Impairment loss recognised	–	27,559	27,559
– Settlement	–	(2,176)	(2,176)
– Derecognition upon substantial modification	–	(26,639)	(26,639)
New financial assets originated			
– Impairment loss recognised	–	43,598	43,598
– Derecognition upon substantial modification	–	(43,598)	(43,598)
– Impairment gain recognised	–	(14,573)	(14,573)
At 31st March, 2023	**–**	**(14,573)**	**(14,573)**

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

Changes in the loss allowance for debt investments at amortised cost are mainly due to:

	2023 Increase/(decrease) in lifetime ECL		2022 Increase/(decrease) in lifetime ECL	
	Not credit-impaired	**Credit-impaired**	Not credit-impaired	Credit-impaired
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Debt investments at amortised cost with a gross carrying amount of HK$40,300,000 (2022: nil) defaulted and transferred to credit-impaired	**(1,256)**	**1,256**	–	–
Settlement in full of debt investments at amortised cost with a gross carrying amount of HK$9,084,000 (2022: nil)	**–**	**(278)**	–	–
Debt investments at amortised cost with a gross carrying amount of HK$70,964,000 (2022: nil) derecognised	**–**	**70,237**	–	–
New debt investments at amortised cost with gross carrying amount of HK$18,305,000 (2022: HK$40,300,000)	**–**	**(14,573)**	1,256	–

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

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 of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of banking facilities and ensures compliance with loan covenants.

As at 31st March, 2023, the Group's banking facilities amounted to HK$160,700,000 (2022: HK$160,100,000) of which approximately HK$4,284,000 (2022: HK$12,033,000) were utilised for issuance of letters of credit and bank borrowings.

Liquidity table

The following table details 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 maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual settlement dates as the management of the Group considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objective and policies (Continued)

Liquidity risk (Continued)

Liquidity table (Continued)

	Weighted average interest rate	Repayable on demand or less than 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flow	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31st March, 2023						
Non-derivative financial liabilities						
Trade and other payables	–	180,382	–	–	180,382	180,382
Bank borrowings	2.51	4,284	–	–	4,284	4,284
Other item						
Lease liabilities	3.99	5,316	4,367	8,465	18,148	16,697
		189,982	**4,367**	**8,465**	**202,814**	**201,363**
Derivatives						
Foreign currency forward contracts	**–**	**3,262**	**–**	**–**	**3,262**	**3,262**
At 31st March, 2022						
Non-derivative financial liabilities						
Trade and other payables	–	236,022	–	–	236,022	236,022
Bank borrowings	2.83	12,374	–	–	12,374	12,033
Other item						
Lease liabilities	4.13	4,808	1,963	1,067	7,838	7,415
		253,204	1,963	1,067	256,234	255,470
Derivatives						
Foreign currency forward contracts	–	73	–	–	73	73

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32c. Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation or to establish the appropriate valuation techniques and inputs to the model.

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liabilities	Fair value as at **31st March, 2023** *HK$'000*	Fair value as at 31st March, 2022 *HK$'000*	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Derivative financial instruments				
– Foreign currency forward contracts	**(3,262)**	(73)	Level 2	Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward rates, discounted at rates that reflect the credit risk of various counterparties.

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 of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values, except for the debt investments at amortised cost which were detailed below.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

As at 31st March, 2023

Financial assets	**Carrying amount** *HK$'000*	**Fair value** *HK$'000*	**Fair value hierarchy**	**Key input**
Debt investments at amortised cost	**32,878**	**37,164**	Level 1	Quoted bid price in an active market

As at 31st March, 2022

Financial assets	Carrying amount *HK$'000*	Fair value *HK$'000*	Fair value hierarchy	Key input
Debt investments at amortised cost	39,044	31,816	Level 1	Quoted bid price in an active market

The carrying amount includes accrued interest receivables.

33. CAPITAL COMMITMENT

	2023 *HK$'000*	2022 *HK$'000*
Expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of plant and machinery and construction in progress	**1,588**	9,367

34. OPERATING LEASES

The Group as lessor

All of the properties held for rental purposes have committed leases for the next 2 years.

Undiscounted lease payments receivable on leases are as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**1,046**	1,214
In the second year	**–**	1,116
	1,046	2,330

35. 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 or from the sixth year of grant with the relevant selected participants in accordance with the provisions of the scheme, whichever is earlier. 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 approximately HK$1,538,000 (2022: HK$2,350,000).

35. SHARE AWARD SCHEME (CONTINUED)

Details of specific categories of share awards are as follows:

Financial year of grant	Vesting period	Number of shares As at 31st March 2023	2022
2013/2014	From 1st April, 2019 to 31st March, 2024	**272,000**	584,000
2014/2015	From 1st April, 2020 to 31st March, 2025	**557,600**	932,400
2015/2016	From 1st April, 2021 to 31st March, 2026	**582,000**	846,400
2016/2017	From 1st April, 2022 to 31st March, 2027	**928,000**	1,220,000
2017/2018	From 1st April, 2023 to 31st March, 2028	**1,070,000**	1,130,000
2018/2019	From 1st April, 2024 to 31st March, 2029	**1,860,000**	1,920,000
2019/2020	From 1st April, 2025 to 31st March, 2030	**2,560,000**	2,660,000
		7,829,600	9,292,800

Movements in the number of unvested awarded shares were as follows:

	Number of shares
At 1st April, 2021	10,930,000
Vested *(Note)*	(1,434,000)
Forfeited	(203,200)
At 31st March, 2022	9,292,800
Vested *(Note)*	(1,058,400)
Forfeited	(404,800)
At 31st March, 2023	**7,829,600**

All the awarded shares are purchased from the market.

Note: These represent awarded shares vested during the year.

36. RETIREMENT BENEFIT PLANS

The Group participates in the 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 in profit or loss 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 entities in the PRC are members of a state-managed retirement benefit scheme operated by the government in the PRC. The group entities 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$19,661,000 (2022: HK$17,360,000) represents contributions payable to these schemes by the Group in respect of the current year.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings *HK$'000* *(Note)*	Lease liabilities *HK$'000*	Dividend payables *HK$'000*	Dividend payable to non-controlling interests *HK$'000*	Total *HK$'000*
At 1st April, 2021	4,205	10,579	–	–	14,784
Financing cash flows	7,531	(5,229)	(19,517)	(5,155)	(22,370)
New lease entered *(Note 17)*	–	1,355	–	–	1,355
Interest expenses	235	397	–	–	632
Declaration of dividend	–	–	19,517	5,155	24,672
Exchange realignment	62	313	–	–	375
At 31st March, 2022	12,033	7,415	–	–	19,448
Financing cash flows	(8,196)	(5,422)	(241,106)	(5,673)	(260,397)
New lease entered *(Note 17)*	–	14,630	–	–	14,630
Interest expenses	605	338	–	–	943
Declaration of dividend	–	–	241,106	5,673	246,779
Exchange realignment	(158)	(264)	–	–	(422)
At 31st March, 2023	**4,284**	**16,697**	**–**	**–**	**20,981**

Note: The financing cash flows from bank borrowings make up the net amount of new bank borrowings raised, repayment of bank borrowings and interest paid in the consolidated statement of cash flows.

38. RELATED PARTY TRANSACTIONS

Saved as the transactions and balances with related parties disclosed in the consolidated statement of financial position and note 12, the Group entered into the following transactions with related parties.

38a. Transactions with related parties

	2023	2022
	HK$'000	*HK$'000*
Interest income from loans to shareholders of associates	**1,449**	1,562

38b. Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2023	2022
	HK$'000	*HK$'000*
Short-term benefits	**9,394**	8,494
Share-based payment expenses	**477**	717
Post-employment benefits	**368**	277
	10,239	9,488

The remuneration of directors of the Company who are also key management personnel, is determined by the remuneration committee having regard to the performance of individual and market trends.

39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2023	2022
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	**83,394**	83,394
Amounts due from subsidiaries	**107,752**	276,840
Debt investments at amortised cost	**32,878**	15,160
	224,024	375,394
Current assets		
Amounts due from subsidiaries	**174,280**	75,270
Other receivables	**483**	355
Debt investments at amortised cost	**–**	23,884
Cash and cash equivalents	**122,426**	23,981
	297,189	123,490
Current liabilities		
Accrued charges	**6,577**	6,086
Amounts due to subsidiaries	**65,180**	58,741
	71,757	64,827
Net current assets	**225,432**	58,663
	449,456	434,057
Capital and reserves		
Share capital	**195,236**	198,616
Reserves	**254,220**	235,441
	449,456	434,057

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement of reserves

	Share premium	Capital redemption reserve	Share award reserve	Shares held for share award scheme	Contributed surplus	Other reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2021	110,750	10,132	11,219	(27,269)	49,259	–	69,364	223,455
Profit and total comprehensive income for the year	–	–	–	–	–	–	52,812	52,812
Repurchase and cancellation of ordinary shares *(note 30)*	–	1,312	–	–	–	–	(19,948)	(18,636)
Shares purchased for share award scheme	–	–	–	(5,023)	–	–	–	(5,023)
Recognition of equity-settled share-based payment expenses under share award scheme *(note 35)*	–	–	2,350	–	–	–	–	2,350
Shares vested under share award scheme *(note 35)*	–	–	(1,887)	4,580	–	–	(2,693)	–
Dividends recognised as distribution *(note 14)*	–	–	–	–	–	–	(19,517)	(19,517)
At 31st March, 2022	110,750	11,444	11,682	(27,712)	49,259	–	80,018	235,441
Profit and total comprehensive income for the year	–	–	–	–	–	–	321,790	321,790
Repurchase and cancellation of ordinary shares *(note 30)*	–	3,831	–	–	–	(451)	(57,745)	(54,365)
Shares purchased for share award scheme	–	–	–	(9,170)	–	–	–	(9,170)
Recognition of equity-settled share-based payment expenses under share award scheme *(note 35)*	–	–	1,538	–	–	–	–	1,538
Shares vested under share award scheme *(note 35)*	–	–	(1,776)	3,408	–	–	(1,632)	–
Dividends recognised as distribution *(note 14)*	–	–	–	–	–	–	(241,014)	(241,014)
At 31st March, 2023	**110,750**	**15,275**	**11,444**	**(33,474)**	**49,259**	**(451)**	**101,417**	**254,220**

Note: 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.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) Details of the Company's principal subsidiaries at 31st March, 2023 and 2022 were as follows:

Name of subsidiaries	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 2023	2022	Principal activities
Billion Power *(Notes 1 and 2)*	Incorporated	Hong Kong	HK$1	**100%**	100%	Investment holding
Crown Capital *(Notes 1, 2 and 3)*	Incorporated	BVI	US$8,502	**47.05%**	47.05%	Investment holding
Faith Crown International Limited *(Note 1)*	Incorporated	BVI	US$1	**100%**	100%	Investment holding
Jiangmen Yeebo Electronic Technology Limited *(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 Displays
Jiangmen Yeebo Semiconductor Co., Limited *(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 Displays
Yeebo (B.V.I.) Limited *(Notes 1 and 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 Displays
Yeebo LCD Limited *(Note 1)*	Incorporated	Hong Kong	HK$10,000	**100%**	100%	Trading of Displays and investment holding
Yeebo Manufacturing Limited *(Note 1)*	Incorporated	Hong Kong	HK$10,000	**100%**	100%	Trading of Displays
Shenzhen Yeebo Electronics Technology Co., Ltd. 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
DMB Technics AG *(Note 1)*	Incorporated	Switzerland	CHF400,000	**51%**	51%	Trading of Displays

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(a) Details of the Company's principal subsidiaries at 31st March, 2023 and 2022 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. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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

Note 3: 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 independent shareholders. 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.

None of the subsidiaries had any debt capital outstanding at the end of the year or at any time during the year.

(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	
		2023	2022	**2023**	2022	**2023**	2022
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Crown Capital	BVI	**52.95%**	52.95%	**30,929**	2,563	**71,468**	42,334
Individual immaterial subsidiaries with non-controlling interests				**15,206**	13,211	**35,604**	25,373
				46,135	15,774	**107,072**	67,707

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

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

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

Crown Capital

	2023 HK$'000	2022 HK$'000
Current assets	**26,415**	26,600
Current liabilities	**(15,504)**	(9,599)
Non-current assets	**124,063**	62,950
Dividend declared by the Company	**–**	(4,403)
Equity attributable to owners of the Company	**63,506**	37,617
Non-controlling interests	**71,468**	42,334
Gain on deemed disposal of an associate	**54,383**	–
Share of results of an associate	**3,688**	5,450
Other income (expenses)	**341**	(609)
Profit for the year	**58,412**	4,841
Other comprehensive (expense) income	**(3,389)**	4,666
Profit attributable to owners of the Company	**27,483**	2,278
Other comprehensive (expense) income attributable to owners of the Company	**(1,595)**	2,195
Profit attributable to non-controlling interests	**30,929**	2,563
Other comprehensive (expense) income attributable to non-controlling interests	**(1,794)**	2,471
Profit and total comprehensive income for the year	**55,023**	9,507

42. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group invested RMB100,000,000 in a private company, which is established in the PRC and principally engaged in the design, research and development and sales of graphics processing unit chips, for a minority stake. The investment will be measured at fair value in the Group's consolidated financial statements for the year ending 31st March, 2024.

FINANCIAL SUMMARY

RESULTS

	For the year ended 31st March,				
	2019	2020	2021	2022	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	934,152	813,153	891,969	1,266,641	**1,325,806**
Profit before income tax	359,994	146,189	214,666	306,388	**737,030**
Income tax expense	(37,578)	(8,647)	(16,656)	(24,035)	**(75,786)**
Profit for the year	322,416	137,542	198,010	282,353	**661,244**
Attributable to:					
Owners of the Company	288,747	123,822	187,734	266,579	**615,109**
Non-controlling interests	33,669	13,720	10,276	15,774	**46,135**
	322,416	137,542	198,010	282,353	**661,244**

ASSETS AND LIABILITIES

	As at 31st March,				
	2019	2020	2021	2022	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	2,326,798	2,131,409	2,532,000	2,978,212	**3,114,070**
Total liabilities	(382,532)	(293,225)	(374,318)	(486,248)	**(455,213)**
	1,944,266	1,838,184	2,157,682	2,491,964	**2,658,857**
Equity attributable to owners of the Company	1,920,601	1,805,460	2,103,385	2,424,257	**2,551,785**
Non-controlling interests	23,665	32,724	54,297	67,707	**107,072**
	1,944,266	1,838,184	2,157,682	2,491,964	**2,658,857**