



2016  
ANNUAL  
REPORT | 17



**YEEBO (INTERNATIONAL HOLDINGS) LIMITED**

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

# *non-executive director*

\* *independent non-executive director*

### COMPANY SECRETARY

Mr. Lau Siu Ki, Kevin

### AUDITOR

Deloitte Touche Tohmatsu

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton, HM 12  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor  
On Dak Industrial Building  
2-6 Wah Sing Street  
Kwai Chung  
New Territories  
Hong Kong

### PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

### BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKERS

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

Chong Hing Bank Limited  
Chong Hing Bank Centre  
24 Des Voeux Road Central  
Hong Kong

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

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

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

## DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**FANG Hung, Kenneth**, GBS, JP, aged 78, is the Chairman of the Group responsible for overall corporate development and strategic direction of the Group. Mr. Fang holds a master degree in Chemical Engineering from the Massachusetts Institute of Technology. He is the Chairman of Fang Brothers Holdings Limited and a director of a number of other private and listed companies in Hong Kong and People's Republic of China. Mr. Fang is the father of Mr. Fang Yan Tak, Douglas, a Non-executive Director of the Company. Mr. Fang joined the Company as a Director in August 1995.

**LI Kwok Wai, Frankie**, aged 59, is the Chief Executive Officer of the Group responsible for planning and developing corporate strategies, corporate policies setting and overall management of the Group. He is also a director of various subsidiaries of the Company. Mr. Li graduated from the Hong Kong University majoring in Business Management and has substantial experience in banking and corporate finance. Mr. Li joined the Group in November 1995.

**LEUNG Tze Kuen**, aged 54, is responsible for the planning and developing finance strategies, direct investment management and policy setting of the Group. He is also a director of various subsidiaries of the Company. Mr. Leung graduated from the Chinese University of Hong Kong majoring in Accounting. He also holds a MBA degree from Monash University, Australia. He is now a member of CPA Australia. He has extensive experience in operational and financial management. Mr. Leung was appointed as an Executive Director of the Company in September 2007.

### NON-EXECUTIVE DIRECTOR

**Fang Yan Tak, Douglas**, aged 44, is currently a director at Fang Brothers Holdings Limited ("Fang Brothers") and its various affiliated companies. Prior to joining Fang Brothers, he worked at Donaldson, Lufkin & Jenrette, an investment bank in the United States of America. Mr. Fang received his Bachelor of Science degree from the Massachusetts Institute of Technology in 1995. Mr. Fang is the son of Mr. Fang Hung, Kenneth, the Chairman of the Group. Mr. Fang was appointed as a Non-executive Director in June 2014.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. TIEN Pei Chun**, James, GBS, JP, aged 70, holds a master degree in Chemical Engineering from San Jose State University. Mr. Tien is the Chairman of Manhattan Holdings Limited, Manhattan Garments (International) Limited, Manhattan Realty Limited and a director of a number of private companies. He is a honorary court member of the Hong Kong Polytechnic University. Mr. Tien joined the Company as an Independent Non-executive Director in June 1997.

**CHU Chi Wai, Allan**, aged 65, has over 45 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 62, holds a Bachelor Degree in Commerce from the University of Windsor, Canada and has years of experience in banking and investment. Mr. Lau had worked for the National Bank of Canada as the vice president of Asia region as well as the branch manager of the Hong Kong branch from September 1994 to December 1996. He has served directorships in various listed companies in Hong Kong. Mr. Lau joined the Company as an Independent Non-executive Director in May 2004.

## DIRECTORS AND SENIOR MANAGEMENT

### COMPANY SECRETARY

**LAU Siu Ki, Kevin**, aged 58, is the Company Secretary of the Group. Mr. Lau graduated from the Hong Kong Polytechnic and is a fellow member of both the Association of Chartered Certified Accountants as well as the Hong Kong Institute of Certified Public Accountants. He has extensive experience working in or with listed companies in Hong Kong. Mr. Lau joined the Company in May 2004.

### SENIOR MANAGEMENT

**HAN Yu Zhong**, aged 60, is the President responsible for the overall LCD and LCM business operation. Mr. Han's experience has predominantly been gained in LCD manufacturing and business operations and has capitalized his experience therefrom to carry out the Group's business expansion plan. Mr. Han joined the Group in 1990.

**JIA Xiu Juan**, aged 54, is the Vice President responsible for the financial management of LCD and LCM business. Ms. Jia has extensive experience in accounting and taxation. She graduated from Guangdong Academy of Social Sciences in PRC with a postgraduate diploma. Ms. Jia joined the Group in 1999.

**HUANG Wen Hwei**, aged 42, is the Vice President and the General Manager of the branch office in Taiwan. Mr. Huang is responsible for the sales and marketing in Japan, Taiwan and Chongqing markets, the quality management of LCD factory, and the product development, production technology engineering and quality management of monochrome and TFT LCD modules. Mr. Huang obtained the Bachelor of Chemical Engineering in National Taiwan University, and the Master of Business Administration in FuJen Catholic University. He has over 15 years' experience in customer service and market operations of LCD and LCM products. Mr. Huang joined the Group in 2004.

**TSUI Siu Keung**, aged 43, is the Vice President responsible for the sales and marketing in Hong Kong, the PRC and overseas markets. Mr. Tsui graduated from the Hong Kong Polytechnic University with a degree in manufacturing engineering. Mr. Tsui has over 17 years' experience in customer service management, sales and marketing. Mr. Tsui joined the Group in 2000.

**WAN Wai Tak**, aged 65, is the Senior Vice President responsible for global marketing. Mr. Wan is one of the forerunners in the LCD industry in Hong Kong with over 38 years' experience in engineering and marketing of LCD products. Mr. Wan has a bachelor's degree in Electrical Engineering from National Cheng Kung University in Taiwan and a master degree in Physics from Brunel University in the United Kingdom. He is a chartered physicist with membership in the Institute of Physics in the United Kingdom. Mr. Wan joined the Group in 1988.

**Yang Zhao Hui**, aged 45, is the Senior Manager responsible for the management of the factory's power system, production equipment, CTP and the Indium Tin Oxide ("ITO") glass production. He has extensive experience in LCD, ITO glass and CTP manufacturing, maintenance and management of automation equipment, process management of magnetic control spluttering coating and project management. He joined the Group in 2004.

**HO Chun Tang, Jonathan**, aged 39, is the Senior Manager responsible for the sales and marketing team in Europe, Korea and Hong Kong market. Mr. Ho graduated from University of Otago in New Zealand with Science Degree. Mr. Ho joined the Group in 2001.

## DIRECTORS AND SENIOR MANAGEMENT

**YANG Ying Jun**, aged 50, is the Senior Manager and the Chief Accountant of the Group. Mr. Yang has extensive experience in finance and accounting. He graduated from Xi'an University of Technology with a Bachelor's Degree. He is a member of both the Chinese Institute of Certified Public Accountants and the China Certified Tax Agents Association. He is an affiliate of the Association of Chartered Certified Accountants. He joined the Group in 2005.

**HSIEH Chi Liang**, aged 43, is the Senior Manager responsible for market and product development of CTP products. Mr. Hsieh has more than 20 years experience in LCD/LCM/CTP module industry. He graduated in Power Mechanical Engineering from National Yunlin Polytechnic Institute in Taiwan and joined the Group in 2006.

**LIU Xiu Zhen**, aged 49, is the Senior Manager responsible for the information technology, human resources, customer service of the LCD and LCM factories. Ms. Liu has broad experience in systematization of factory management, and holds the Certified Human Resources Professional, Grade 1. Ms. Liu graduated from Hua Zhong University of Science and Technology in PRC with a Bachelor's Degree in Engineering. Ms. Liu joined the Group in 1993.

**Xiong Liang Bin**, aged 43, is the Senior Manager responsible for Eastern China market and certain overseas markets. Mr. Xiong graduated from Nanjing Institute of technology. Mr. Xiong has 20 years experience in LCD and LCM manufacturing, quality control and marketing. Mr. Xiong has strong technical knowledge in TN, STN, LCM, and TFT. Mr. Xiong joined the Group in 1996.

**Xie Wen Zhen**, aged 46, 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.

**HSIAO Hung Shih**, aged 55, is the Senior Manager responsible for the manufacturing operations, purchases and the production and material control of LCM factory, and production of LCD factory. Mr. Hsiao has over 19 years' experience in the planning, management and overall field operation of the production of Color STN, FSTN, STN and LCM. Mr. Hsiao joined the Group in 2003.

**Wu Hong Jin**, aged 48, is the Senior Manager responsible for the factory management in Guangxi province. Mr. Wu has 26 years experience in LCD industry. He graduated from South China Normal University and joined the Group in 2013.

**LIN Hsu Hung**, aged 54, is the Senior Manager responsible for the sales and marketing of the LCD and LCM of branch office in Taiwan. He has over 30 years' experience in LCD industry. Mr. Lin joined the Group in 2002.

**LIN Tsui Ping**, aged 51, is the Senior Manager responsible for the research and development operations LCD factory. Ms. Lin holds a master degree in Chemistry from National Cheng Kung University in Taiwan. She specializes in product development and manufacturing process and has over 25 years' experience in the development and production of LCD products. Ms. Lin joined the Group in 2003.

**LIM Bee Lay**, aged 68, is the Senior Manager responsible for quality assurance on LCD and LCM products, liaising with supplier and customer on quality improvement and maintaining ISO system function. Ms. Lim has more than 33 years' experience in LCD field in Singapore, Malaysia and China. Ms. Lim joined the Group in 2005.

## CHAIRMAN'S STATEMENT



Dear Shareholders,

I take pleasure in presenting to our shareholders the results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st March, 2017.

For the year under review, the Group recorded a drop of 1% in consolidated turnover to HK\$906 million whereas the profit attributable to owners of the Company increased by HK\$241 million to HK\$442 million. The increase in profit was mainly due to the combined effect of:

- a gain (net of the related deferred tax of HK\$32 million) on deemed dilution of interests in Nantong Jianghai Capacitor Company Limited (“Nantong Jianghai”), an associate, of HK\$292 million
- share of the gain on the disposal of a subsidiary by Kunshan Visionox Technology Limited (“Visionox Technology”), an associate, of HK\$31 million
- non recurrence of a reversal of impairment loss on the Group’s interest in Kunstan Visionox Display Co. Ltd. (“Visionox Display”), an associate, of HK\$95 million recorded in last year

Excluding the aforesaid non-recurring items the Group posted a profit attributable to owners of the company of HK\$120 million as compared to HK\$106 million in last year. The uplift in profit was partly attributed by the improved performance of our core display business and the increase in the share of profit of Nantong Jianghai. This was partly offset by the decrease in the share of profit of Visionox Technology which was mainly due to the dilution of the Group’s interest therein that took place towards the end of the last financial year.

In the first half of the year, the global economy was sluggish and the demand for electronic products was generally lackluster. The situation improved in the second half of year when compared to the same period in last year. Demand for Liquid Crystal Display Modules (“LCM”) increased, which was captured by our committed strategy to expand in the LCM market. Despite a small drop in the yearly turnover, the core operating profit fared better than last year due to multiple reasons – (1) the Thin Film Transistor (“TFT”)

## CHAIRMAN'S STATEMENT

modules which provided a higher margin exhibited strong growth; (2) the Capacitive Touch Panel (“CTP”) business started to gain momentum and had almost achieved the breakeven level; and (3) thriving results of the production automation, which enhanced the production yield and relieved some pressure in the rising wages in Mainland China.

Our Group aimed to become a highly competitive one-stop player in both monochrome and colour display market. We have emerged strongly by adopting the following strategies:

- 1) Provide high quality product and service in marketing and product development to capture the high value market segment.
- 2) Sustain cost competitiveness through vertical integration with in-house Indium Tin Oxide (ITO) coating production line for LCD products and in-house LCD supply for LCM products, which secure cost advantages and reliable supply of quality raw materials.
- 3) Provide a full range of display ranging from monochrome LCD and LCM to color TFT modules with the capability of CTP moduling to meet customers' demand.
- 4) Continued to invest in production automation to enhance production yield and reduce the reliance on labour.

In the year under review, Kunshan Visionox Display Ltd. (“Visionox Display”) and Kunshan Visionox Technology Co. Ltd. (“Visionox Technology”) continued to perform well. The Group's share of their profit for the period amounted to HK\$59 million, an increase of HK\$22 million from last year. The increase is due to a one-off gain on disposal of a subsidiary as well as an improvement in margin. With a well-diversified customer portfolio, well-versed management team and a high technical competency, Visionox Technology has positioned itself as a strong player in both the Mainland China and overseas market.

The Group's shareholding in Nantong Jianghai, whose shares are listed in the Shenzhen Stock Exchange, was diluted from 37.5% to 31.84% pursuant to a non-public issue of A shares (“the Allotment”) completed in September, 2016. The Allotment raised RMB1.2 billion new capital for expanding the thin film capacitor and super capacitor business. Furthermore, the Group recorded a gain on deemed dilution of approximately HK\$324 million as a result of the Allotment. The Group's share of Nantong Jianghai's profit increased by HK\$3 million to HK\$61 million. The aluminium electrolytic capacitors business has maintained a solid growth. The thin film and super capacitor business is expected to expand as the Group has built a solid technical foundation. Recently Nantong Jianghai has made several strategic moves in order to strengthen its leading position in the capacitors market in Mainland China. These included branching out in the small sized capacitive electronic capacitors, acquisition of a thin film capacitor player in Suzhou, PRC and investment in ELNA Co. Ltd., a listed company in Japan, engaging in sales and manufactories of capacitors with a strong presence in automotive market. Therefore, we believe the business prospects of Nantong Jianghai is promising.

Looking forward, the core display business will sustain its competitiveness in the market and our investment in associates will continue to deliver solid performance.

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

**Fang Hung, Kenneth**  
*Chairman*

Hong Kong, 30th June, 2017

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS

The Group recorded a consolidated turnover for the year ended 31st March 2017 of approximately HK\$906 million (2016: HK\$911 million), decrease of HK\$5 million or 1% as compared with last year. Profit attributable to owners of the Company was HK\$442 million (2016: HK\$201 million), representing an increase of approximately HK\$241 million. The significant increase was mainly due to the gain on deemed dilution of the Group's interest in Nantong Jianghai Capacitor Company Limited, a listed associate, of HK\$324 million, the details of which are set out in the section "Investments in Associates" below. This is partly offset by the non-recurrence of the reversal of impairment loss in the Group's investment in Kunshan Visionox Display, Co., Ltd. an unlisted associate, of HK\$95 million recorded in last year.

External sales of the Liquid Crystal Displays ("LCD") decreased by HK\$17 million, from HK\$324 million to HK\$307 million. Such decrease was mainly attributable to the fall in demand in LCD. The LCD segment recorded a segment profit of HK\$27 million, up by HK\$1 million from last year. The turnover of the Liquid Crystal Display Modules ("LCM") decreased by HK\$26 million, from HK\$577 million to HK\$551 million. The LCM segment recorded an increase in segment profit of HK\$3 million from HK\$47 million for the last year to HK\$50 million this year. The growth in segment profit of LCM is mainly due to the increase in the sales of Thin Film Transistor ("TFT") module which commands a higher sales value and the gain in market share in the Mainland China market. The LCD-related products segment was related to Capacitive Touch Panel ("CTP"), which recorded a segment loss of HK\$5 million (2016: HK\$18 million). The CTP business started to flourish after the product and customer development undertaken in previous years. With the increase in sales, the segment loss has narrowed.

The core display business experienced a keen price competition this year. Nevertheless, gross profit in current year increased to approximately HK\$151 million (2016: HK\$123 million) and gross profit margin increased to 16.6% (2016: 13.5%). During the year, sales of TFT and CTP modules with higher sales value continued to increase, which contributed partly in the increase of overall gross profit margin. In addition, the Group's effort in improving production yield via production automation has transformed into higher gross profit margin this year.

During the year, other income amounted to approximately HK\$9 million (2016: HK\$10 million). The other income mainly comprised tooling income and scrap sales.

Net loss from other gains and losses for current year was mainly attributable to exchange loss as a result of the depreciation of Renminbi.

Selling and distribution expenses amounted to approximately HK\$67 million (2016: HK\$59 million) and accounted for 7.4% of turnover (2016: 6.4%). The increase was mainly due to the increase in promotional expenses and doubtful debt provision which was in line with the increase in accounts receivable.

Administrative expenses amounted to HK\$24 million (2016: HK\$23 million) and maintained at about 2.7% of sales. (2016: 2.5%). The increase was mainly attributed to staff-related costs.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INVESTMENTS IN ASSOCIATES

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

Nantong Jianghai, an associate of the Group, is mainly engaged in the manufacture and sales of aluminum electrolytic, thin film and super capacitors, and the production and sales of aluminum formed foil for high-performance aluminum electrolytic capacitors. Nantong Jianghai has completed a non-public new issue of A shares in September 2016 (the “Allotment”). Pursuant to the Allotment, Nantong Jianghai issued 94,562,647 A shares to independent investors at RMB12.69 per A share for a proceeds, net of incidental expenses, of approximately RMB1,180 million. Immediately after the Allotment, the Group’s shareholding in Nantong Jianghai has decreased from 37.50% to 31.84%. Pursuant to the Allotment, the Group recorded a gain on deemed dilution of approximately HK\$324 million (which is an accounting profit and has no cash flow effect to the Group) in the current year. The new funding was for the business development of the thin film and super capacitors.

Excluding the gain on deemed dilution, the share of profit from Nantong Jianghai for the year under review amounted to HK\$61 million (2016: HK\$58 million), which was HK\$3 million or 5% more than last year. The growth in sales of aluminium electrolytic capacitors maintained at a promising pace. Benefitting from the market growth in the electric vehicle, electric vehicle pile, inverter air-conditioning, white goods market and the industry use segment, the sales and gross profit improved. On the other hand, a strong technical foundation has been established on the thin film and super capacitors which is expected to result in the growth in the related business.

In order to strengthen its leading position in capacitors market in Mainland China, Nantong Jianghai recently has the following strategic moves:

- 1) setting up a new manufacturing plant in Hubei Province to develop and produce small size aluminium electrolytic capacitors;
- 2) acquiring a thin film capacitors manufacturer in Suzhou to widen the product range in the thin film capacitor arena; and
- 3) investing in ELNA Co., Ltd. (“ELNA”), a listed company in Japan engaging in the manufacture and sales of capacitors and printed circuited boards, and exploring opportunity of co-investing with ELNA in Mainland China to expand its market share in the automotive markets.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 31st March, 2016, Visionox Display, a 43.9% owned associate of the Company, owned 80% of Visionox Technology which was engaged in the sales and manufacture of Organic Light Emitting Diode (“OLED”) products. During the year Visionox Display underwent a re-organization pursuant to which its equity owners (including the Group) now directly hold Visionox Technology. Moreover, Visionox Display repaid part of its paid-up capital to its equity owners. After the re-organization, our Group’s effective interest in Visionox Display (in which the business activities had decreased) remained at 43.9% and that in Visionox Technology was 35.1%.

The share of profit in Visionox Display and Visionox Technology amounted to HK\$59 million as compared to HK\$37 million in last year. This was largely due to the gain on disposal of a subsidiary of Visionox Technology in late 2016 in which the Group reported a share of profit of HK\$31 million. Excluding the extra-ordinary gain of such disposal, the share of the operating profit in Visionox Display and Visionox Technology amounted to HK\$28 million. The decrease as compared to last year was mainly due to the dilution of the Group’s interest in Visionox Technology which took place towards the end of last financial year. With its well-established technical platform, Visionox Technology continues to target at high-margin market segment. As a vertical integration move, Visionox Technology has recently set up a factory for processing slim glasses for OLED products thereby enhancing the profit margin.

### **INCOME TAX**

Effective tax rate in relation to the Group’s core business (income tax expense as a percentage of profit before income tax excluding share of results of associates and gain on deemed dilution of interests in an associate, withholding tax on undistributed profits in associates of HK\$9 million and deferred tax on gain on deemed dilution of interests in an associate of HK\$32 million) was 20% (2016: 27%). The decrease in the Group’s core business effective tax rate was mainly due to the decrease in the loss incurred in the CTP segment.

### **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 Mainland China, especially after Britain’s decision to leave the European Union. Intense competition in the displays market will also affect the profitability of the Group. Moreover, the shortage of labour and increase in wage rate may also have an impact on the cost structure of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group takes corporate social responsibility to heart, and environmental sustainability is one of its top priorities. The Group has put in place a systematic approach towards integrating green and sustainable practices in its operations, implementing measures in the areas of environmentally-friendly product design, carbon emission reduction, process management, energy and resource management and supply chain management to minimize the negative impact of the Group's operations on the environment. Environmental protection facilities in the Group's manufacturing plants have been upgraded, enhancing the processing and management 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 ended 31st March 2017 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 by the end of October 2017.

## 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 under review, the Group has complied with all the laws and regulations in the above-mentioned jurisdictions.

## 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 utmost important. It is the objective of the Group to continue to be an attractive employer for committed employees. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. In addition, the Group offers competitive remuneration packages to the employees. The Group has also adopted a share award scheme to recognise and reward the contribution of the employees to the growth and development of the Group.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

Looking forward, we expect that the LCM (including the TFT module) business will maintain a solid growth from our well diversified customer base. With the new LCD production line to be installed in 2017, we are equipped with greater production capacity for the high end market segment. The improving performance of our CTP segment will continue to improve the Group's profitability and also strengthen our position as a one-stop displays supplier for our existing and potential customers. The pressure on profit margin is always a challenge to the industry. By adopting a strategy of targetting the high market segment and improving productivity through automation, we strongly believe that we will continue to be a very competitive player in the LCD and LCM market. On the other hand, both Nantong Jianghai and Visionox Technology will continue to make decent profit contribution to the Group.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2017, the Group's current ratio was 1.3 (31st March, 2016: 1.2). The gearing ratio, as a ratio of bank borrowings to total equity, was 2.9% (31st March, 2016: 1.9%).

As at 31st March, 2017, the Group had total assets of approximately HK\$1,996 million, which were financed by liabilities of HK\$392 million and total equity of HK\$1,604 million.

As at 31st March, 2017, the Group's banking facilities amounted to approximately HK\$222 million (31st March, 2016: HK\$195 million) of which approximately HK\$50 million (31st March, 2016: HK\$29 million) were utilized mainly for issuance of letters of credit, bills payable and bank borrowings.

Certain subsidiaries of the Group have foreign currency assets and liabilities, which expose the Group to foreign currency risk. The management monitors the foreign exchange risk and will consider hedging significant foreign currency exposure should the need arise.

### CONTINGENT LIABILITIES AND CHARGES OF ASSETS

As at 31st March, 2017, the Group pledged bank deposits of approximately HK\$25 million (2016: 46 million) with a financial institution for a banking facility granted to the senior management of Visionox Technology to finance their acquisition of shares in Visionox Technology. Other than the above, the Group did not have any significant contingent liabilities and there were no significant charges or pledges on any of the Group's assets.

### EMPLOYMENT AND REMUNERATION POLICY

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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 talents for the continual operation and development of the Group.

### MAJOR CUSTOMERS AND SUPPLIERS

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

	2017	2016
Percentage of purchases from the Group’s largest supplier	5%	5%
Percentage of purchases from the Group’s five largest suppliers	23%	20%
Percentage of turnover to the Group’s largest customer	5%	7%
Percentage of turnover to the Group’s five largest customers	16%	19%

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

As at 31st March, 2017, to the best knowledge of the Directors, none of the Directors or any shareholders holding more than 5% of the Group’s share capital and their respective associates had any beneficial interest in the Group’s five largest customers and/or five largest suppliers.

### DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK6 cents per share (2016: HK5 cents per share) and no special dividend (2016: HK5 cents per share) for the year ended 31st March, 2017 subject to the approval of the shareholders of the Company (the “Shareholders”) at the forthcoming annual general meeting. The final dividend will be paid on or about Monday, 9th October, 2017 to Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 15th September, 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Thursday, 7th September, 2017 (“Annual General Meeting”). For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 4th September, 2017 to Thursday, 7th September, 2017, 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 1st September, 2017.

The proposed final dividend is subject to the approval of the Shareholders at the Annual General Meeting. For determining the entitlement to the proposed final dividend the register of members of the Company will be closed on Wednesday, 13th September, 2017 to Friday, 15th September, 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final 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 Tuesday, 12th September, 2017.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the “Board”) believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. Throughout the year ended 31st March, 2017, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the “Code”) listed out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange, except for following deviation:

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

Under Code provisions A.6.7 and E.1.2, independent non-executive directors and chairmen of board committees should attend annual general meetings. Due to pre-arranged commitments, Mr. Tien Pei Chun, James, independent non-executive director and chairman of the nomination committee, was not able to attend the Company’s annual general meeting held on 9th September, 2016. However, Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, the other independent non-executive directors and members of the nomination committee, were both present at the said annual general meeting to ensure effective communication with the Shareholders.

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

## SECURITIES TRANSACTIONS BY DIRECTORS

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

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

## BOARD OF DIRECTORS

The Board comprises:

### Executive Directors

Mr. Fang Hung, Kenneth, GBS, JP (*Chairman*)

Mr. Li Kwok Wai, Frankie (*Chief Executive Officer*)

Mr. Leung Tze Kuen

# CORPORATE GOVERNANCE REPORT

## Non-executive Director

Mr. Fang Yan Tak, Douglas

## Independent Non-executive Directors

Mr. Tien Pei Chun, James, GBS, JP

Mr. Chu Chi Wai, Allan

Mr. Lau Yuen Sun, Adrian

Mr. Fang Hung, Kenneth is the father of Mr. Fang Yan Tak, Douglas. Except for the above, the Board members have no financial, business, family or other material or relevant relationships with one another. Such balanced board composition is formed to ensure strong independence exists across the Board. 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.

The Independent Non-executive Directors possess appropriate professional qualifications or accounting or related financial management expertise. Having made specific enquiry with all Independent Non-executive Directors, all such Directors confirmed that they have met the criteria of Rule 3.13 of the Listing Rules regarding the guidelines for assessment of independence. The biographical details of the Directors are set out in page 3 of this Annual Report.

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

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

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

Regular board meetings are scheduled in advance to facilitate fullest possible attendance. At least 14 days' notice of all board meetings is given to all Directors and they can include matters for discussion in the agenda if the need arises. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all relevant rules and regulations are followed. The agenda and the accompanying board papers are sent to all Directors at least 3 days before the date of every board meeting so that the Directors have the time to review the documents.

## CORPORATE GOVERNANCE REPORT

Every Board member is entitled to have access to board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and also the liberty to seek external professional advice if so required. The Company from time to time provides briefings, training sessions and materials to the Directors to develop and refresh their knowledge and skills including updates on the latest development regarding the Listing Rules and other applicable legal and regulatory requirements to enhance their awareness of the same. The Board continuously reviews and monitors the Company's corporate governance and practice to ensure compliance of regulatory requirements and 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 commitments on behalf of the Company.

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

The Directors are regularly updated and apprised of any new regulations and guidelines, as well as any amendments thereto issued by the Stock Exchange, the Securities and Futures Commission of Hong Kong and the Hong Kong Companies Registry, particularly the effects of such new or amended regulations and guidelines on directors. Relevant reading materials are also provided to the Directors. On an ongoing basis Directors are encouraged to keep up to date on all matters relevant to the Group and attend briefings and seminars as appropriate. All Directors have provided the Company with their respective training records pursuant to the Code.

### **Chairman and Chief Executive Officer**

The roles of the Chairman and the Chief Executive Officer are segregated and assumed by separate individuals who have no relationship with each other, to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman focuses on overall corporate development and strategic direction of the Group, and provides leadership for, and oversees the effective functioning of, the Board. The Chief Executive Officer is responsible for the day-to-day corporate management as well as planning and developing the Group's strategy.

## CORPORATE GOVERNANCE REPORT

### Appointment and Re-election of Directors

Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing Independent Non-executive Directors are not appointed for a specific term, but subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the bye-laws of the Company (the “Bye-laws”). The Board does not believe that arbitrary term limits on the Directors’ services are appropriate given that Directors ought to be committed to representing the long-term interests of the shareholders. According to the Bye-laws, at each annual general meeting of the Company one third of the Directors for the time being (and if the number of Directors is not three or a multiple of three, then the number nearest to but not less than one third) shall retire by rotation. This complies with the provision A.4.2 of the Code which requires all Directors to be subject to retirement by rotation at least once every three years.

### Nomination of Directors

The Company has set up a Nomination Committee which is responsible for nominating appropriate person either to fill a casual vacancy or as an addition member to the existing Board.

According to the Bye-Laws, notice in writing of the intention to propose a person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office of the Company at least seven days before the date of the general meeting, or else no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting.

The period for lodgment of the notices referred to above will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

The detailed information on election of Directors including detailed biography of all Directors standing for re-election to ensure shareholders to make an informed decision on their election has been set out in the circular regarding, inter alia, the share repurchase mandate and notice of annual general meeting.

## BOARD COMMITTEES

The Board establishes committees to assist it in carrying out its responsibilities. The Board has appointed three Board committees i.e. the Nomination Committee, Remuneration Committee and Audit Committee to oversee particular aspects of the Group’s affairs. Each of the committees has defined terms of reference setting out its duties, powers and function. The committees report regularly to the Board and, where appropriate, make recommendations on matters discussed.

### Nomination Committee

The Nomination Committee was established on 24th November, 2011. The Committee comprises all three Independent Non-executive Directors. Mr. Tien Pei Chun, James, was appointed as Chairman of the Nomination Committee. The terms of reference stipulating the authority and duties of the Nomination Committee conform to the provisions of the Code and are posted on the websites of the Stock Exchange and the Company.

## CORPORATE GOVERNANCE REPORT

The Nomination Committee shall meet at least once a year. One meeting was held during the year ended 31st March, 2017. All 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 and experience) of the Board.
2. To identify individuals who are suitably qualified to become Directors.
3. To assess the independence of the Independent Non-executive Directors.
4. To make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

### Remuneration Committee

The Remuneration Committee was established on 27th May, 2005. The Committee comprises Mr. Lau Yuen Sun, Adrian and Mr. Chu Chi Wai, Allan, both Independent Non-executive Directors and Mr. Li Kwok Wai, Frankie, Executive Director and Chief Executive Officer. Mr. Lau Yuen Sun, Adrian, was appointed as Chairman of the Remuneration Committee. The written terms of reference stipulating the authority and duties of the Remuneration Committee conform to the provisions of the Code and are posted on the websites of the Stock Exchange and the Company.

The Remuneration Committee shall meet at least once a year. Two meetings were held during the year.

The attendance of each member is set out as follows:

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

The remuneration policy of the Group is to ensure all its employees are remunerated in line with market terms and individual performance. At the meetings held during the year, the overall pay trend in Hong Kong, Taiwan and Mainland China was noted and the remuneration of the Directors and senior management team was reviewed accordingly.

## CORPORATE GOVERNANCE REPORT

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.

Pursuant to Code provision B.1.5, details of the annual remuneration of the members of the senior management by band for the year ended 31st March, 2017 are as follows:

	<b>Number of employees</b>
Below HK\$1,000,000	15
HK\$1,000,001 to HK\$1,500,000	1
HK\$2,000,001 to HK\$2,500,000	1
<b>Total:</b>	<b>17</b>

Details of the remuneration of each Director for the year ended 31st March, 2017 are set out in note 11 to the financial statements.

### **Audit Committee**

The Audit Committee of the Company comprises all three Independent Non-executive Directors, and Mr. Fang Yan Tak, Douglas, Non-executive Director. Mr. Lau Yuen Sun, Adrian, was appointed as Chairman of the Audit Committee. The 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. Two meetings were held during the year. The attendance of each member is set out as follows:

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

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

- (i) reviewed the financial reports for the year ended 31st March, 2016 and for the six months ended 30th September, 2016;

## CORPORATE GOVERNANCE REPORT

- (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, 2017.

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:

<b>Services rendered</b>	<b>Fees paid and payable HK\$</b>
Audit services	2,500,000
Non audit services	<u>790,000</u>
	<u>3,290,000</u>

### 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.

## CORPORATE GOVERNANCE REPORT

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

The 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.

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.

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, 2017, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial

## CORPORATE GOVERNANCE REPORT

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 31 to 37 of this Annual Report.

### COMMUNICATION WITH SHAREHOLDERS

The Company establishes and maintains different communication channels with its shareholders through the publication of annual and interim reports and press announcements. As a channel of further promoting effective communication, the Company's website is maintained to disseminate the relevant financial and non-financial information on a timely basis.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. Except for Mr. Tien Pei Chun, James who was not able to attend due to pre-arranged commitments, all other Directors attended the Company's 2016 annual general meeting and were available to answer shareholders' questions.

At the Company's 2016 annual general meeting, all votings were conducted by poll in accordance with the requirements of the Listing Rules.

Shareholders holding not less than one-tenth of the paid up capital of the Company shall have the right, by written requisition to the Head Office of the Company for the attention of the Board or the Company Secretary, to require a special general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after such requisition. Shareholders may also send written enquiries to the Company for putting forward any enquiries or proposals to the Head Office of the Company for the attention of the Board or the Company Secretary.

During the year ended 31st March, 2017, the Company has not made any changes to its Bye-laws. A consolidated version of the Memorandum of Association and New Bye-laws of the Company is available on the website of the Company. A Shareholders Communication Policy has been posted on the Company's website ([www.yeebo.com.hk](http://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](mailto:ir@yeebo.com.hk).

### COMPANY SECRETARY

Mr. Lau Siu Ki, Kevin of Hin Yan Consultants Limited, external service provider, has been engaged by the Company as the Company Secretary. The primary contact person at the Company, whom Mr. Lau contacts, is Mr. Leung Tze Kuen, Executive Director.

During the year ended 31st March, 2017, Mr Lau has taken no less than 15 hours of relevant professional training to update his skills and knowledge.

## DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2017.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 39 and 17, respectively, to the consolidated financial statements.

### BUSINESS REVIEW

A fair review of the Group's business and the analysis of the Group's performance for the year ended 31st March, 2017 as well as outlook/prospects of the Group's business are provided in the sections "Chairman's Statement" on pages 6 and 7 and "Management Discussion and Analysis" on pages 8 to 14 of this Annual Report.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 38.

The directors now recommend the payment of a final dividend of HK6 cents per ordinary share to the shareholders on the register of members on Friday, 15th September, 2017, amounting to approximately HK\$59,978,000, and the retention of the remaining profit. The proposed final dividend has to be approved in the forthcoming annual general meeting of the Company to be held on Thursday, 7th September, 2017.

### PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$48,635,000. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

### SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

## DIRECTORS' REPORT

### RESERVES

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 41.

The Company's reserve available for distribution to shareholders as at 31st March, 2017 were as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Contributed surplus	49,259	49,259
Retained profits	64,964	104,419
	<b>114,223</b>	153,678

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare to pay a dividend, or make a distribution out of contribution surplus if:

- (a) it is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

### DIRECTORS

The directors of the Company during the year and at the date of this report were:

#### Executive directors:

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

#### Non-executive director:

Mr. Fang Yan Tak, Douglas

#### Independent non-executive directors:

Mr. Tien Pei Chun, James  
Mr. Chu Chi Wai, Allan  
Mr. Lau Yuen Sun, Adrian

In accordance with Clause 87 of the Company's Bye-Laws, Mr. Fang Hung, Kenneth, Mr. Leung Tze Kuen and Mr. Chu Chi Wai, Allan retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election at such meeting.

## DIRECTORS' REPORT

The directors proposed for re-election at the forthcoming annual general meeting do not have a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's Bye-Laws.

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

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

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

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 31st March, 2017, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

### Long position in the shares of the Company

	Number of shares and nature of interests			Percentage of company's issued capital
	Personal interests	Through controlled corporations	Total	
Mr. Fang Hung, Kenneth	20,130,000	–	20,130,000	2.01%
Mr. Li Kwok Wai, Frankie ( <i>Note(i)</i> )	69,628,381	590,000,000	659,628,381	65.99%
Mr. Leung Tze Kuen ( <i>Note(ii)</i> )	1,090,000	–	1,090,000	0.11%

### Short position in the shares of the Company

	Number of shares held through controlled corporations	Percentage of Company's issued capital
Mr Li Kwok Wai, Frankie ( <i>Note (i)</i> )	20,000,000	2.00%

*Notes:*

- (i) As at 31st March, 2017, Antrix Investment Limited held 590,000,000 shares of the Company and has granted call options to grantees to subscribe for an aggregate of 20,000,000 of such shares. Mr Li Kwok Wai, Frankie beneficially owned 41.70%, of the issued share capital of Antrix Investment Limited.
- (ii) The 1,090,000 shares represent shares which were granted under the share award scheme of the Company and are subject to the satisfactory fulfilment of vesting conditions.

Save as disclosed above, as at 31st March, 2017, 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 Articles of Association to be indemnified and secured harmless out of the assets and profits of the Company against all costs, charges, losses, damages and expenses which he or she may sustain or incur in or about the execution or discharge of his or her duties. To the extent permitted by such Ordinance, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31st March, 2017, 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.

## DIRECTORS' REPORT

### REMUNERATION FOR DIRECTORS

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

### CHANGES IN INFORMATION OF DIRECTORS

Subsequent to publication of the Company's 2016/17 Interim Report, the changes in information of Directors are set out below pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules:

- Mr. Tien Pei Chun, James has ceased to be a general committee member of the Hong Kong General Chamber of Commerce.
- Mr. Lau Yuen Sun, Adrian has been appointed as an independent non-executive director of ITC Corporation Limited, a company listed on the Main Board of the The Stock Exchange of Hong Kong Limited (stock code: 372), with effect from 7th March, 2017.

### RELATED PARTY TRANSACTIONS

Details of related party transactions undertaken in the normal course of business of the Group are provided under Note 36 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, 2017.

### SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

#### Long position in the shares of the Company

	Capacity and nature of interest	Number of shares held	% of the Company's issued share capital
Antrix Investment Limited ( <i>Note</i> )	Directly beneficially owned	590,000,000	59.02%
Esca Investment Limited ( <i>Note</i> )	Indirectly beneficially owned	590,000,000	59.02%
Megastar Venture Limited ( <i>Note</i> )	Indirectly beneficially owned	590,000,000	59.02%
Fang Brothers Holdings Limited ( <i>Note</i> )	Indirectly beneficially owned	590,000,000	59.02%

## Short position in the shares of the Company

	Capacity and nature of interest	Number of shares held	% of the Company's issued share capital
Antrix Investment Limited ( <i>Note</i> )	Directly beneficially owned	20,000,000	2.00%
Esca Investment Limited ( <i>Note</i> )	Indirectly beneficially owned	20,000,000	2.00%
Megastar Venture Limited ( <i>Note</i> )	Indirectly beneficially owned	20,000,000	2.00%
Fang Brothers Holdings Limited ( <i>Note</i> )	Indirectly beneficially owned	20,000,000	2.00%

*Note:*

As at 31st March, 2017, Antrix Investment Limited was held as to 58.3% by Esca Investment Limited (a company wholly-owned by Fang Brothers Holdings Limited in which none of its shareholders holds more than 20% of its issued capital) and 41.7% by Megastar Venture Limited (a company wholly-owned by Mr Li Kwok Wai, Frankie). The shares held by Esca Investment Limited, Megastar Venture Limited and Fang Brothers Holdings Limited represent the same interest held by Antrix Investment Limited, which have also been disclosed as an interest of Mr Li Kwok Wai, Frankie under the section "Interests of Directors and Chief Executive in Securities".

Save as disclosed above, as at 31st March, 2017, the Company was not notified by any persons who had interests or short positions of 5% or more in the shares and underlying shares of the Company which is required to be recorded under Section 336 of the SFO.

## 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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March, 2017.

## DIRECTORS' REPORT

### CORPORATE GOVERNANCE

Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 15 to 23 of this Annual Report.

The Company had adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of the directors it is confirmed that they have complied with the required standard set out in the Model Code.

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st March, 2017.

### AUDIT COMMITTEE

The Audit Committee comprises all of the three independent non-executive Directors, namely Mr. Tien Pei Chun, James, Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian; as well as Mr. Fang Yan Tak, Douglas, non-executive Director. The Audit Committee has reviewed 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, 2017.

### 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  
30th June, 2017

## INDEPENDENT AUDITOR'S REPORT

**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 38 to 113, which comprise the consolidated statement of financial position as at 31st March, 2017, 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, 2017, 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 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.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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

#### *Accounting for the Group's interests in associates*

---

We identified the accounting for the Group's interests in associates as a key audit matter due to the significance of these investments to the Group's consolidated financial statements as a whole. As disclosed in note 17 to the consolidated financial statements, the Group invested in a number of associates whose principal activities include development, manufacturing and selling of organic light-emitting diode display products and manufacturing and trading of aluminum electrolytic capacitors. The Group's share of profits of its associates and gain on deemed dilution of its interests in an associate for the year ended 31st March, 2017 was HK\$120,101,000 and HK\$323,713,000, respectively, representing in aggregate approximately 87% of profit before income tax of the Group as disclosed in the consolidated statement of profit or loss and other comprehensive income and the Group's interests in its associates was HK\$1,269,215,000 as at 31st March, 2017, representing approximately 79% of the net assets of the Group.

Our procedures in relation to the accounting for the Group's interests in associates included:

- Obtaining an understanding of the Group's associates by reading their financial information and discussing with their respective management about the financial performance and significant events occurred in the year;
- Meeting with the component auditor to discuss its assessment of risks and identification of areas of audit focus to evaluate the appropriateness of their work;
- Evaluating the sufficiency and appropriateness of audit evidence obtained from work performed by the component auditor by reviewing their audit documentation where we considered necessary;
- Evaluating the appropriateness of consolidation adjustments made by the management of the Group to conform the accounting policies of the associates to those of the Group for like transactions and events in similar circumstances; and
- Evaluating the appropriateness and testing the arithmetic accuracy of a gain on deemed dilution in the Group's interests in an associate.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (continued)

### Key audit matter

### How our audit addressed the key audit matter

#### *Allowance for doubtful debts of trade receivables*

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We identified the allowance for doubtful debts of trade receivables as a key audit matter due to the significant balance of trade receivables to the consolidated statement of financial position and the use of estimates by the management in determining the allowance for doubtful debts.

As disclosed in note 4 to the consolidated financial statements, in determining the allowance for doubtful debts of trade receivables, the management has exercised judgement in estimating the timing and future cash flows expected to be derived from the trade receivables taking into account of the repayments history, credit worthiness, ageing analysis and subsequent settlement of the trade receivables.

During the year, the Group recognised allowance for doubtful debts on trade receivables of HK\$2,560,000. As at 31st March, 2017, the carrying amount of trade receivables is HK\$183,105,000. Further details are set out in note 21 to the consolidated financial statements.

Our procedures in relation to assessing the appropriateness of the allowance for doubtful debts included:

- Understanding the Group's policy in identification and measurement of allowance for doubtful debts;
- Testing, on a sample basis, ageing categories and settlements during the year and subsequent to the end of the reporting period by tracing to relevant documents;
- Discussing with the management for the assumptions and judgements made in assessing collectability of receivables and evaluating the reasonableness of allowance for doubtful debts with reference to repayments history, credit worthiness, ageing analysis and subsequent settlement of the debtors; and
- Assessing the accuracy of management previous estimate of allowance to evaluate the appropriateness of the basis made by the management in the current year.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (continued)

### Key audit matter

#### *Allowance for inventories*

### How our audit addressed the key audit matter

We identified the allowance for inventories as a key audit matter due to the use of judgement and estimates by the management in identifying obsolete or slow-moving inventories and determining the allowance for inventories.

As set out in note 4 to the consolidated financial statements, 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 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 determines the allowance for inventories primarily based on latest selling price and market condition.

During the year, the Group recognised allowance for obsolete inventories amounting to approximately HK\$3,072,000. As at 31st March, 2017, the carrying amount of inventories is HK\$143,117,000.

Our procedures in relation to assessing the appropriateness of the allowance for inventories include:

- Understanding the Group's policy in identification of obsolete or slow-moving inventories and measurement of the allowance for inventories;
- Performing physical observation of the inventories as at year end to identify inventories that may be required to be included in the assessment of the allowance for inventories;
- Tracing the aging categories, and the usage/sales of inventories during the year and subsequent to the end of the reporting period, to the relevant documents, on a sample basis;
- Testing the net realisable values of inventories by reference to latest invoice prices in subsequent sales or the market prices, on a sample basis;
- Discussing with management for the assumptions and estimation made in assessing net realisable values and evaluating the reasonableness of management's assessment of usability and saleability of inventories;
- Assessing the accuracy of management previous estimate of allowance for inventories to evaluate the appropriateness of the basis made by the management in the current year.

## INDEPENDENT AUDITOR'S REPORT

### 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 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.

## INDEPENDENT AUDITOR'S REPORT

### 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 HKSA's 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 HKSA's, we exercise professional judgment 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.

## INDEPENDENT AUDITOR'S REPORT

### 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, related safeguards.

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 Chong Kwok Shing.



**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

30th June, 2017

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

For the year ended 31st March, 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
Revenue	5	906,175	910,654
Cost of sales		(755,330)	(787,643)
Gross profit		150,845	123,011
Other income	6	8,973	10,181
Other gains and losses	7	(3,198)	2,304
Selling and distribution expenses		(67,039)	(58,658)
Administrative expenses		(24,368)	(22,670)
Finance costs	8	(1,410)	(671)
Share of results of associates and reversal of impairment loss ( <i>Note</i> )	17	120,101	190,361
Gain on deemed dilution of interests in an associate	17	323,713	–
Share of result of a joint venture		–	127
Profit before income tax		507,617	243,985
Income tax expense	9	(54,192)	(20,440)
Profit for the year	10	453,425	223,545
<b>Other comprehensive expense</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Share of other comprehensive income of associates		(76,776)	(30,545)
Exchange differences arising on the translation of foreign operation		1,164	(4,363)
Total comprehensive income for the year		377,813	188,637
Profit for the year attributable to:			
Owners of the Company		442,408	201,004
Non-controlling interests		11,017	22,541
		453,425	223,545
Total comprehensive income attributable to:			
Owners of the Company		369,177	173,514
Non-controlling interests		8,636	15,123
		377,813	188,637
		<b>HK cents</b>	<b>HK cents</b>
Earnings per share – basic and diluted	14	44.3	20.0

*Note:* This includes the share of results of associates of HK\$120,101,000 (2016: HK\$95,273,000).

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	271,837	268,036
Investment properties	16	1,109	1,207
Prepayment for acquisition of plant and equipment		6,213	5,672
Interests in associates	17	1,269,215	977,013
Available-for-sale investments	18	2,739	2,739
Intangible assets	19	1,459	1,459
Pledged bank deposit	24	25,124	45,896
		<b>1,577,696</b>	<b>1,302,022</b>
<b>Current assets</b>			
Inventories	20	143,117	95,545
Trade and other receivables	21	215,398	178,291
Bills receivables	22	23,359	22,316
Amounts due from associates	17	105	118
Held for trading investments	23	289	344
Bank balances and cash	24	36,425	43,591
		<b>418,693</b>	<b>340,205</b>
<b>Current liabilities</b>			
Trade and other payables	25	270,045	218,082
Bank borrowings	26	46,971	25,543
Tax payable		15,040	32,106
		<b>332,056</b>	<b>275,731</b>
<b>Net current assets</b>		<b>86,637</b>	<b>64,474</b>
<b>Total assets less current liabilities</b>		<b>1,664,333</b>	<b>1,366,496</b>
<b>Non-current liability</b>			
Deferred tax liabilities	27	60,160	22,288
		<b>1,604,173</b>	<b>1,344,208</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

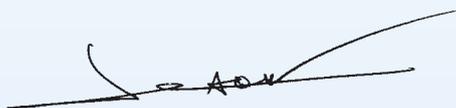
As at 31st March, 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
<b>Capital and reserves</b>			
Share capital	28	199,928	199,928
Reserves		<u>1,377,342</u>	<u>1,108,691</u>
Equity attributable to owners of the Company		1,577,270	1,308,619
Non-controlling interests		<u>26,903</u>	<u>35,589</u>
Total equity		<u>1,604,173</u>	<u>1,344,208</u>

The consolidated financial statements on pages 38 to 113 were approved and authorised for issue by the Board of Directors on 30th June, 2017 and are signed on its behalf by:



**Fang Hung, Kenneth**  
DIRECTOR



**Li Kwok Wai, Frankie**  
DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2017

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve (note) HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Share award reserve HK\$'000	Shares held for share award scheme HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st April, 2015	202,231	126,763	2,125	7,829	89,064	959	(12,174)	776,915	1,193,712	20,466	1,214,178
Profit for the year	-	-	-	-	-	-	-	201,004	201,004	22,541	223,545
Other comprehensive expense for the year	-	-	-	-	-	-	-	-	-	-	-
Exchange difference arising on translation of foreign operations	-	-	-	-	(27,490)	-	-	-	(27,490)	(7,418)	(34,908)
Total comprehensive income (expense) for the year	-	-	-	-	(27,490)	-	-	201,004	173,514	15,123	188,637
Repurchase of ordinary shares	(2,303)	(16,013)	-	2,303	-	-	-	-	(16,013)	-	(16,013)
Shares purchased for share award scheme	-	-	-	-	-	-	(4,680)	-	(4,680)	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme (note 33)	-	-	-	-	-	2,188	-	-	2,188	-	2,188
Shares vested under share award scheme (note 33)	-	-	-	-	-	(758)	758	-	-	-	-
Dividends recognised as a distribution (note 13)	-	-	-	-	-	-	-	(40,102)	(40,102)	-	(40,102)
At 31st March, 2016	199,928	110,750	2,125	10,132	61,574	2,389	(16,096)	937,817	1,308,619	35,589	1,344,208

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2017

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Capital reserve (note)	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for share award scheme		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the year	-	-	-	-	-	-	-	442,408	453,425
Other comprehensive expense for the year	-	-	-	-	-	-	-	-	-
Exchange difference arising on translation of foreign operations	-	-	-	-	(73,231)	-	-	-	(75,612)
Total comprehensive income (expense) for the year	-	-	-	-	(73,231)	-	-	442,408	377,813
Shares purchased for share award scheme	-	-	-	-	-	-	(4,680)	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme (note 33)	-	-	-	-	-	4,118	-	-	4,118
Shares vested under share award scheme (note 33)	-	-	-	-	-	(1,828)	1,828	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(17,322)
Dividends recognised as a distribution (note 13)	-	-	-	-	-	-	-	(99,964)	(99,964)
<b>At 31st March, 2017</b>	<b>199,928</b>	<b>110,750</b>	<b>2,125</b>	<b>10,132</b>	<b>(11,657)</b>	<b>4,679</b>	<b>(18,948)</b>	<b>1,280,261</b>	<b>1,604,173</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2017

NOTES	2017 HK\$'000	2016 HK\$'000
<b>Operating activities</b>		
Profit before income tax	507,617	243,985
Adjustments for:		
Share of results of associates and reversal of impairment loss	(120,101)	(190,361)
Share of result of a joint venture	–	(127)
Finance costs	1,410	671
Interest income	(282)	(285)
Depreciation of property, plant and equipment	42,760	39,603
Depreciation of investment properties	98	–
Recognition of equity-settled share-based payment expenses under share award scheme	4,118	2,188
Gain on deemed dilution of interests in an associate	(323,713)	–
Loss (gain) on disposal of property, plant and equipment	566	(198)
Allowance for doubtful debts	2,560	262
Bargain purchase gain recognised in a business combination	–	(136)
Fair value changes of held for trading investments	(23)	164
Allowance for inventories	3,072	11,528
Operating cash flows before movements in working capital	118,082	107,294
(Increase) decrease in inventories	(51,053)	8,464
(Increase) decrease in trade and other receivables	(44,008)	3,044
Increase in bills receivables	(2,413)	(2,946)
Decrease (increase) in amounts due from associates	13	(24)
Increase (decrease) in trade and other payables	56,241	(36,263)
Cash generated from operations	76,862	79,569
Income tax paid	(30,764)	(3,416)
<b>Net cash from operating activities</b>	<b>46,098</b>	<b>76,153</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2017

	<i>NOTES</i>	<b>2017</b> <b>HK\$'000</b>	2016 <b>HK\$'000</b>
<b>Investing activities</b>			
Prepayment for acquisition of plant and equipment		(541)	(11,574)
Purchase of property, plant and equipment		(45,086)	(31,891)
Acquisition of assets through acquisition of a subsidiary	35	(3,545)	–
Capital return from the unlisted associate		48,120	52,644
Withdrawal of pledged bank deposit		20,772	–
Dividend received from the associates, net of withholding tax		25,380	14,811
Proceeds from disposals of property, plant and equipment		1,506	361
Interest received		282	285
Proceeds from disposal of held-for-trading investments		78	–
Purchase of held-for-trading investments		–	(508)
Placement of pledged bank deposit		–	(45,896)
Net cash inflow on acquisition of a subsidiary	35	–	320
<b>Net cash from (used in) investing activities</b>		<b>46,966</b>	<b>(21,448)</b>
<b>Financing activities</b>			
Dividend paid		(99,964)	(40,102)
Dividends paid to non-controlling interests		(15,418)	–
Repayment of bank loans		(96,285)	(39,483)
Payment for purchase of shares for share award scheme		(4,680)	(4,680)
Interest paid		(1,410)	(671)
New bank loans raised		117,713	56,543
Payment for repurchase for ordinary shares		–	(16,013)
<b>Net cash used in financing activities</b>		<b>(100,044)</b>	<b>(44,406)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(6,980)</b>	<b>10,299</b>
<b>Effect of changes in exchange rates</b>		<b>(186)</b>	<b>(3,508)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>43,591</b>	<b>36,800</b>
<b>Cash and cash equivalents at end of the year</b>		<b>36,425</b>	<b>43,591</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 1. GENERAL

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 “Stock Exchange”). Its parent company is Antrix Investment Limited (incorporated in the British Virgin Islands (the “BVI”)) and its ultimate holding company is Fang Brothers Holdings Limited (incorporated in the BVI). The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (continued)

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle <sup>5</sup>

1 Effective for annual periods beginning on or after 1st January, 2018

2 Effective for annual periods beginning on or after 1st January, 2019

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1st January, 2017

5 Effective for annual periods beginning on or after 1st January, 2017 or 1st January, 2018, as appropriate

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (continued)

### **HKFRS 9 *Financial Instruments***

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group’s financial instruments as at 31st March, 2017, the directors of the Company consider that application of HKFRS 9 in the future may have an impact on the classification and measurement of the Group’s financial assets. The Group’s available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (continued)

### **HKFRS 15 Revenue from Contracts with Customers**

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

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

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

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

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (continued)

### HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31st March, 2017, the Group has non-cancellable operating lease commitments of HK\$14,939,000 for premises and HK\$1,253,000 for motor vehicles as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (continued)

### Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1st January, 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

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 within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The principal accounting policies are set out below.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Basis of consolidation** (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

### Interests in associates

An associate is an entity over which the Group has significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. 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. 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. 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.

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 requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Interests in associates** (continued)

When the Group reduces its ownership interest in an associate or a joint venture 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.

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.

### **Revenue recognition**

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

### ***Sale of goods***

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

### ***Dividend and interest income***

Dividend income from investments is recognised when the shareholders' rights to receive payments have been established (provided that it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### ***Rental income***

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 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 over their estimated useful lives and after taking into account their estimated residual value, 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.

When an owner-occupied property becomes an investment property because its use has changed as evidenced by the end of owner-occupation, the transfer is made at the carrying amount.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### ***The Group as lessor***

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

#### ***The Group as lessee***

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

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

#### ***Leasehold land and building***

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

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 a joint arrangement or 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.

### Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

### Borrowing costs

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before income tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Intangible assets**

#### ***Intangible assets acquired separately***

Club memberships with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

#### ***Research and development expenditure***

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

#### ***Derecognition of intangible assets***

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

### **Impairment of tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **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.

### **Financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

### ***Financial assets***

The Group's financial assets are classified into loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

#### *Financial assets* (continued)

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, bills receivables, amounts due from associates, pledged bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

##### *Financial assets at FVTPL*

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 30.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment of financial assets below).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

#### **Financial assets** (continued)

##### *Impairment of financial assets*

Financial assets, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for similar financial assets. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Financial instruments** (continued)

#### **Financial assets** (continued)

##### *Impairment of financial assets* (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### **Financial liabilities and equity**

##### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

##### *Financial liabilities*

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

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

#### ***Derecognition***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

#### **Equity-settled share-based payment transactions**

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 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 judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

### ***Control over Crown Capital Holdings Limited ("Crown Capital")***

Crown Capital is considered as a subsidiary of the Group even though the Group has only a 47.05% ownership interest and has only 47.05% of the voting rights in Crown Capital since the date of incorporation and the remaining 52.95% of the ownership interests are held by seven independent shareholders that are unrelated to the Group.

The directors of the Company assessed whether or not the Group has control over Crown Capital based on whether the Group has the practical ability to direct the relevant activities of Crown Capital unilaterally. In making their judgement, the directors considered the Group's absolute size of its holding in Crown Capital and the relative size of and dispersion of the shareholdings owned by the other shareholders as well as other facts and circumstances including voting patterns at previous shareholders' meetings. After the assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Crown Capital and therefore the Group has control over Crown Capital.

### ***Deferred tax on investments in associates***

For the purposes of measuring deferred tax liabilities on investments in associate, 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\$60,257,000 (2016: HK\$22,370,000) was recognized by applying different tax rates in accordance with the expected manner of recovery.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 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 doubtful debts of trade receivables***

The Group reviews the carrying amounts of its trade receivables at the end of each reporting period to determine whether those trade receivables have suffered an impairment loss. Management has exercised judgement in estimating the timing and future cash flows expected to be derived from the trade receivables taking into account of the repayments history, credit worthiness, ageing analysis and subsequent settlement of the trade receivables. Where the future cash flows is estimated to be less than its carrying amount, a material impairment loss may arise. During the year, the Group recognised allowance for doubtful debts on trade receivables of HK\$2,560,000 (2016: HK\$262,000). As at 31st March, 2017, the carrying amount of trade receivables is HK\$183,105,000 (2016: HK\$152,566,000). Further details are set out in note 21.

#### ***Allowance for inventories***

The Group manufactures and sells liquid crystal displays products and the valuation of the inventories is subject to fluctuation of market prices. When there is a downward trend in the market, the selling price of the liquid crystal displays products of the Group may decrease which imposes pressures to 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 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 determines the allowance for inventories primarily based on latest selling price and market condition. Where the actual net realisable values of the inventories are less than expected, further allowance for inventories may arise. During the year, the Group recognised allowance for inventories amounting to HK\$3,072,000 (2016: HK\$11,528,000). As at 31st March, 2017, the carrying amount of inventories is HK\$143,117,000 (2016: HK\$95,545,000). Further details are set out in note 20.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

The Group is organised into four operating divisions according to the types of products sold, which are LCDs, LCMs and LCD-related products that are widely used in electronic consumer products and LCD-related optical products. The Group's operating segments are determined based on information reported to the chief operating decision maker ("CODM"), the executive directors and senior management, for the purposes of resource allocation and performance assessment. The division for LCD-related optical products, is under development stage and no revenue is generated for both year ended 31st March, 2017 and 2016.

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

### 2017

	LCDs HK\$'000	LCMs HK\$'000	LCD- related products HK\$'000	LCD- related optical products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>Segment revenue</b>							
External sales	307,098	551,268	47,809	-	906,175	-	906,175
Inter-segment sales	101,083	-	3,448	-	104,531	(104,531)	-
<b>Total</b>	<b>408,181</b>	<b>551,268</b>	<b>51,257</b>	<b>-</b>	<b>1,010,706</b>	<b>(104,531)</b>	<b>906,175</b>
<b>Segment profit (loss)</b>	<b>27,466</b>	<b>49,580</b>	<b>(5,085)</b>	<b>(59)</b>	<b>71,902</b>	<b>-</b>	<b>71,902</b>
Interest income							282
Dividend income							110
Gain on fair value changes of held for trading investments							23
Unallocated administrative costs							(4,449)
Net exchange loss							(2,655)
Finance costs							(1,410)
Share of results of associates and reversal of impairment loss							120,101
Gain on deemed dilution of interest in an associate							323,713
<b>Profit before income tax</b>							<b>507,617</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 5. REVENUE AND SEGMENT INFORMATION (continued)

2016

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit generated (loss incurred) in each segment, net of selling and distribution expenses and administrative costs directly attributable to each segment without allocation of interest income, dividend income, fair value changes of held for trading investments, unallocated administrative costs, net exchange differences, finance costs, share of results of associates and reversal of impairment loss, share of results of a joint venture and gain on deemed dilution of interests in an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at cost or cost plus a percentage mark-up.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 5. REVENUE AND SEGMENT INFORMATION (continued)

### Other segment information

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

2017

	LCDs	LCMs	LCD-related products	Segment total	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	29,328	8,332	5,002	42,662	98	42,760
Depreciation of investment properties	-	-	-	-	98	98
Loss on disposal of property, plant and equipment	566	-	-	566	-	566
Allowance for doubtful debts	1,241	1,319	-	2,560	-	2,560
Allowance for (reversal of) inventories	3,284	(581)	369	3,072	-	3,072

2016

	LCDs	LCMs	LCD-related products	Segment total	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	28,683	5,875	4,864	39,422	181	39,603
Gain on disposal of property, plant and equipment	(196)	-	-	(196)	(2)	(198)
Allowance for (reversal of) doubtful debts	970	(708)	-	262	-	262
Allowance for inventories	4,275	7,070	159	11,504	24	11,528

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 5. REVENUE AND SEGMENT INFORMATION (continued)

#### Geographical information

The Group operates in two principal geographical areas, including Hong Kong and other regions in the People's Republic of China ("PRC").

Information about the Group's revenue from external customers and information about its non-current assets by geographical location of the customers and assets respectively, are detailed below:

	Revenue from external customers		Non-current assets	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Hong Kong	<b>101,020</b>	102,020	<b>15,963</b>	11,865
Other regions of the PRC	<b>226,873</b>	201,071	<b>264,363</b>	264,398
Japan	<b>132,554</b>	135,913	–	–
United States	<b>102,999</b>	109,291	–	–
Taiwan	<b>37,976</b>	44,497	–	–
Germany	<b>64,651</b>	74,931	–	–
Other European countries	<b>181,891</b>	178,814	<b>292</b>	111
Other Asian countries	<b>47,624</b>	54,484	–	–
Other countries	<b>10,587</b>	9,633	–	–
	<b>906,175</b>	910,654	<b>280,618</b>	276,374

*Note:* Non-current assets exclude interests in associates, available-for-sale investments and pledged bank deposit.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 6. OTHER INCOME

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividend income from available-for-sale investment	110	272
Interest on bank deposits	282	285
Scrap sales	1,985	1,419
Tooling income	3,859	5,667
Others	2,737	2,538
	<b>8,973</b>	<b>10,181</b>

### 7. OTHER GAINS AND LOSSES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Gain (loss) on fair value changes of held for trading investments	23	(164)
(Loss) gain on disposal of property, plant and equipment	(566)	198
Net exchange (loss) gain	(2,655)	2,134
Gain on bargain purchase ( <i>note 35</i> )	-	136
	<b>(3,198)</b>	<b>2,304</b>

### 8. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on bank loans	1,410	671

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 9. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax		
Hong Kong	5,532	11,228
Other jurisdictions	9,667	4,459
	<b>15,199</b>	15,687
(Over) underprovision in prior years		
Hong Kong	(369)	871
Other jurisdictions	–	(1,952)
	<b>(369)</b>	(1,081)
	<b>14,830</b>	14,606
Deferred taxation ( <i>note 27</i> )		
Charge for the year	39,362	5,834
	<b>54,192</b>	20,440

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

Current tax in other jurisdictions is mainly represented by PRC Enterprise Income Tax. Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 9. INCOME TAX EXPENSE (continued)

Pursuant to the above-mentioned arrangement, 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 of HK\$6.5 million (2016: HK\$5.6 million) 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.

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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before income tax	<b>507,617</b>	243,985
Tax at Hong Kong Profits Tax rate of 16.5%	<b>83,757</b>	40,258
Tax effect of share of results of associates and reversal of impairment loss	<b>(19,817)</b>	(31,410)
Tax effect of share of result of a joint venture	–	(21)
Effect of different tax rates of certain amount of temporary differences related to interests in an associate	<b>(21,042)</b>	–
Tax effect of expenses that are not deductible for tax purposes	<b>4,183</b>	4,918
Tax effect of income not taxable for tax purposes	<b>(659)</b>	(1,208)
Tax effect of tax losses not recognised	<b>279</b>	2,408
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>49</b>	169
Overprovision in respect of prior years	<b>(369)</b>	(1,081)
Utilisation of tax losses previously not recognised	<b>(965)</b>	(132)
Tax effect of deductible temporary difference not recognised	–	54
Withholding tax for undistributed profits in associates	<b>8,939</b>	6,628
Others	<b>(163)</b>	(143)
Income tax expense for the year	<b>54,192</b>	20,440

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 10. PROFIT FOR THE YEAR

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' emoluments ( <i>note 11</i> )	<b>197,953</b>	194,229
Retirement benefit scheme contributions, excluding directors	<b>9,051</b>	7,628
Share-based payment expenses	<b>4,118</b>	2,188
Total staff costs	<b>211,122</b>	204,045
Allowance for inventories (included in cost of sales)	<b>3,072</b>	11,528
Auditor's remuneration	<b>3,482</b>	3,307
Cost of inventories recognised as expenses	<b>752,258</b>	776,115
Depreciation of property, plant and equipment	<b>42,760</b>	39,603
Depreciation of investment properties	<b>98</b>	–
Allowance for doubtful debts	<b>2,560</b>	262
Share of tax of associates (included in share of results of associates and reversal of impairment loss)	<b>18,649</b>	11,967

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

#### Year ended 31st March, 2017

	Fees	Salaries and other benefits	Performance related incentive payments (Note i)	Share-based payment expenses (Note iv)	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Executive Directors:</b>						
Fang Hung, Kenneth	-	1,440	-	-	-	1,440
Li Kwok Wai, Frankie	-	4,354	362	-	236	4,952
Leung Tze Kuen	-	960	300	188	63	1,511
<b>Non-executive Director:</b>						
Fang Yan Tak, Douglas	300	-	-	-	-	300
<b>Independent non-executive Directors:</b>						
Tien Pei Chun, James	300	-	-	-	-	300
Chu Chi Wai, Allan	300	-	-	-	-	300
Lau Yuen Sun, Adrian	300	-	-	-	-	300
	<b>1,200</b>	<b>6,754</b>	<b>662</b>	<b>188</b>	<b>299</b>	<b>9,103</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

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

Year ended 31st March, 2016

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

**Notes:**

- (i) The performance related incentive payment is determined on a discretionary basis with reference to operating results of the principal activities of the Group.
- (ii) Mr. Li Kwok Wai, Frankie is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.
- (iii) The emoluments shown above for 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 director were for his services as director of the Company. The emoluments for independent non-executive directors were for their services as directors of the Company.
- (iv) During the year, a 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 33.

No director waived any emoluments for the two years ended 31st March, 2017 and 31st March, 2016.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2016: two) were director(s) of the Company whose emoluments are included in note 11 above. The emoluments of the remaining four (2016: three) individuals were as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Salaries and other benefits	7,170	4,995
Performance related incentive payments	1,344	1,277
Retirement benefit scheme contributions	546	494
Total emoluments	<u>9,060</u>	<u>6,766</u>

Their emoluments were within the following bands:

	2017 <b>No. of employees</b>	2016 <b>No. of employees</b>
HK\$2,000,001 to HK\$2,500,000	<u>4</u>	<u>3</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 13. DIVIDENDS

Dividends recognised as distributions during the year:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Final – HK5.0 cents (2016: HK4.0 cents) per share	49,982	40,102
Special – HK5.0 cents (2016: nil) per share	49,982	–
	<b>99,964</b>	40,102

Proposed dividends:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Final – HK6.0 cents (2016: HK5.0 cents) per share	59,978	49,982
Special – Nil (2016: HK5.0 cents) per share	–	49,982
	<b>59,978</b>	99,964

The proposed final dividend for the year is subject to approval by the shareholders in the forthcoming annual general meeting.

### 14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the owners of the Company for the year and 999,641,171 (2016: 1,004,889,269) weighted average number of ordinary shares in issue.

The directors of the Company consider that dilutive impact arising from share awards is insignificant for both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000 (Note ii)	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
<b>COST</b>							
At 1st April, 2015	103,058	94,273	18,629	360,517	8,125	28,486	613,088
Exchange realignment	–	8	12	–	2	–	22
Additions	128	6,050	679	289	70	43,454	50,670
Disposals	–	(1,927)	(7,718)	(2,600)	(1,689)	–	(13,934)
Transfers	–	1,758	1,000	19,358	900	(23,016)	–
Transfer to investment properties (Note)	(2,541)	–	–	–	–	–	(2,541)
At 31st March, 2016	100,645	100,162	12,602	377,564	7,408	48,924	647,305
Exchange realignment	–	(26)	(37)	–	(6)	–	(69)
Additions	–	441	861	1,793	1,883	40,112	45,090
Acquisition of assets through acquisition of a subsidiary (note 35)	3,545	–	–	–	–	–	3,545
Disposals	–	(24,604)	(711)	(20,582)	(1,221)	–	(47,118)
Transfers	–	3,538	770	25,491	252	(30,051)	–
At 31st March, 2017	<b>104,190</b>	<b>79,511</b>	<b>13,485</b>	<b>384,266</b>	<b>8,316</b>	<b>58,985</b>	<b>648,753</b>
<b>DEPRECIATION</b>							
At 1st April, 2015	23,956	53,358	14,550	257,019	5,867	–	354,750
Exchange realignment	–	8	12	–	1	–	21
Provided for the year	5,137	9,545	1,031	23,026	864	–	39,603
Transfer to investment properties (Note i)	(1,334)	–	–	–	–	–	(1,334)
Eliminated on disposals	–	(1,925)	(7,614)	(2,545)	(1,687)	–	(13,771)
At 31st March, 2016	27,759	60,986	7,979	277,500	5,045	–	379,269
Exchange realignment	–	(26)	(37)	–	(4)	–	(67)
Provided for the year	5,053	10,821	1,383	24,630	873	–	42,760
Eliminated on disposals	–	(24,482)	(621)	(18,845)	(1,098)	–	(45,046)
At 31st March, 2017	<b>32,812</b>	<b>47,299</b>	<b>8,704</b>	<b>283,285</b>	<b>4,816</b>	<b>–</b>	<b>376,916</b>
<b>CARRYING VALUES</b>							
At 31st March, 2017	<b>71,378</b>	<b>32,212</b>	<b>4,781</b>	<b>100,981</b>	<b>3,500</b>	<b>58,985</b>	<b>271,837</b>
At 31st March, 2016	72,886	39,176	4,623	100,064	2,363	48,924	268,036

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Land and buildings	Over the shorter of the lease term or 20 years, whichever is shorter
Furniture and fixtures	10 – 25%
Office equipment	15 – 25%
Plant and machinery	10 – 25%
Motor vehicles	10 – 20%

*Notes:*

- (i) Property, plant and equipment were transferred to investment properties upon commencement of leasing out in March 2016.
- (ii) The carrying amounts of owner-occupied leasehold land and buildings of HK\$71,378,000 (2016: HK\$72,886,000) 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.

### 16. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
<hr/>	
COST	
At 1st April, 2015	–
Transferred from property, plant and equipment	<u>1,207</u>
At 31st March, 2016 and 2017	<u>1,207</u>
DEPRECIATION	
At 1st April, 2015 and 31st March, 2016	–
Provided for the year	<u>98</u>
At 31st March, 2017	<u>98</u>
CARRYING VALUES	
At 31st March, 2017	<u>1,109</u>
At 31st March, 2016	<u>1,207</u>

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

As at 31st March, 2017, the fair value of the Group's investment properties was HK\$36,100,000 (2016: HK\$32,900,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 16. INVESTMENT PROPERTIES (continued)

The fair value of the investment properties as at 31st March, 2017 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. Asset Appraisal Limited is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

Rental income from investment properties for the year is HK\$498,000 (2016: nil).

### 17. INTERESTS IN ASSOCIATES

#### Interests in associates

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cost of investments in associates		
Listed in the PRC	518,114	518,114
Unlisted ( <i>Note</i> )	183,613	231,733
Share of post-acquisition results and other comprehensive income, net of dividends received:		
Listed in the PRC	556,636	250,562
Unlisted	10,852	(23,396)
	<b>1,269,215</b>	977,013
Fair value of listed associate	<b>3,294,869</b>	2,786,569

*Note:* During the year Kunshan Visionox Display Co. Ltd. ("Kunshan Visionox Display") repaid part of its paid-up capital to its shareholders in proportion to their shareholding. The Group received an amount of HK\$48,120,000 (RMB41,238,000) in respect of such repayment of capital during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 17. INTERESTS IN ASSOCIATES (continued)

#### Share of results of associates and reversal of impairment loss

	2017 HK\$'000	2016 HK\$'000
Listed in the PRC:		
Share of profit	61,437	57,979
Unlisted associates:		
Share of profit	58,664	37,294
Reversal of impairment loss	–	95,088
	<b>58,664</b>	<b>132,382</b>
	<b>120,101</b>	<b>190,361</b>

Details of the Group's associates as at 31st March, 2017 and 2016 are as follows:

Name	Form of business	Place of incorporation or registration/ operation	Proportion of nominal value of issued capital controlled by the Group		Principal activities
			2017	2016	
<b>Listed in the PRC</b>					
Nantong Jianghai Capacitor Company Ltd. ("Nantong Jianghai") 南通江海電容器股份有限公司	Sino-foreign cooperate joint stock company	The PRC	31.84% (Note 1)	37.50% (Note 1)	Manufacturing and trading of aluminium electrolytic capacitors
<b>Unlisted associates</b>					
Kunshan Visionox Display 昆山維信諾顯示技術有限公司	Sino-foreign cooperate joint venture	The PRC	43.87% (Note 2)	43.87% (Note 2)	Development, manufacturing and selling of organic light-emitting diode ("OLED") display products
Kunshan Visionox Technology Co. Ltd. ("Kunshan Visionox Technology") 昆山維信諾科技有限公司	Sino-foreign cooperate joint venture	The PRC	35.10% (Note 2)	35.10% (Note 2)	Development, manufacturing and selling of OLED display products

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 17. 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 Mainland China if it holds more than 50% 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, 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 31.84% of the voting rights. Regardless of the fact that Billion Power Investment Limited is disclosed as the controlling shareholder of Nantong Jianghai in Nantong Jianghai’s public documents in Mainland China, it is accounted for as interest in an associate using the equity method under HKAS 28 as over which the Group has power to participate in the financial and operating policy decisions but not control over those policies.

*Note 2:* As at 31st March, 2016, Kunshan Visionox Technology was a 80% owned subsidiary of Kunshan Visionox Display. During the current year, Kunshan Visionox Display distributed all of its interests in Kunshan Visionox Technology to its shareholders in proportion to their shareholding in Kunshan Visionox Display. Consequently, the Group held directly 35.1% equity interest in Kunshan Visionox Technology as at 31st March, 2017 while the Group’s interest in Kunshan Visionox Display remains unchanged.

In prior years, the business of Kunshan Visionox Display, an unlisted associate principally engaged in the development, manufacturing and selling of Organic Light Emitting Diode (“OLED”) products, was affected by the slower than expected development of the OLED markets and the Group had assessed the recoverable amount of its interests in Kunshan Visionox Display. The recoverable amount had been determined on the basis of a value in use calculation. That calculation used cash flow forecasts derived from the then most recent financial budgets and forecast over a five-year period, approved by the management. The directors reviewed the anticipated profitability and the anticipated future operating cash flows of Kunshan Visionox Display and determined the recoverable amount of the interest in Kunshan Visionox Display at that time was nil.

Starting from the year ended 31st March, 2015, as Kunshan Visionox Display commenced to make profit due to the unexpected rapid growth in the development of the OLED markets, the directors of the Company have considered that there is objective evidence of a reversal of impairment at the end of the reporting period. At 31st March, 2015 and 2016, the Group has assessed the recoverable amount of the entire carrying amount of its interest in the unlisted associate based on a value in use calculation which is based on cash flow forecasts derived from the most recent financial budgets and forecast over the five-year period, approved by the management. Certain impairment was reversed during the year ended 31st March, 2015. As at 31st March, 2016, the recoverable amount of the interest in the unlisted associate was higher than its carrying amount, and accordingly the balance of the impairment loss on interest in the unlisted associate was fully reversed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 17. INTERESTS IN ASSOCIATES (continued)

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

#### **Nantong Jianghai**

##### *Financial position*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current assets	2,747,267	1,387,613
Non-current assets	1,121,725	1,050,001
Current liabilities	(335,177)	(252,240)
Non-current liabilities	(36,502)	(16,869)
Non-controlling interest	(121,843)	(118,702)
Net assets	<b>3,375,470</b>	2,049,803

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Net assets of the associate	3,375,470	2,049,803
Proportion of the Group's ownership interest in Nantong Jianghai	31.84%	37.5%
Carrying amount of the Group's interest in Nantong Jianghai	<b>1,074,750</b>	768,676

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 17. INTERESTS IN ASSOCIATES (continued)

#### *Nantong Jianghai* (continued)

Results for the year

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	<b>1,493,214</b>	1,319,915
Profit and total comprehensive income for the year		
– Before deemed dilution	<b>67,899</b>	154,619
– After deemed dilution	<b>112,987</b>	–
	<b>180,886</b>	154,609
Group's share of associate's profit for the year		
– Before deemed dilution	<b>25,462</b>	57,979
– After deemed dilution	<b>35,975</b>	–
	<b>61,437</b>	57,979

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

This transaction has resulted in the recognition of a gain on deemed dilution of interests in an associate in profit or loss as the subscription price per share in the share offering was higher than the net asset value per share of Nantong Jianghai as at the share subscription date. Detailed calculation is as follows:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 17. INTERESTS IN ASSOCIATES (continued)

#### *Kunshan Visionox Display*

##### *Financial position*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current assets	15,553	456,723
Non-current assets	10,411	216,810
Current liabilities	(8,699)	(107,611)
Non-controlling interest	–	(87,921)
Net assets	<b>17,265</b>	478,001

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Net assets of the associate	17,265	478,001
Proportion of the Group's ownership interest in Kunshan Visionox Display	<b>43.87%</b>	43.87%
Share of net assets attributable to the Group	7,574	209,699
Exchange difference	145	(1,362)
Carrying amount of the Group's interest in Kunshan Visionox Display	<b>7,719</b>	208,337

##### *Results for the year*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	135,878	548,157
Profit and total comprehensive income for the year	47,855	85,011
Group's share of associate's profit for the year	<b>20,994</b>	37,294

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 17. INTERESTS IN ASSOCIATES (continued)

#### *Kunshan Visionox Technology*

The summarized financial information below represents the financial statements of Kunshan Visionox Technology for the period from 1st July, 2016 to 31st March, 2017 since previously Kunshan Visionox Technology was an 80% owned subsidiary of Kunshan Visionox Display and the financial statements of Kunshan Visionox Technology for the period from 1st April, 2016 to 30th June, 2016 have been consolidated in summarized financial information of Kunshan Visionox Display.

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Net assets of the associate	532,039	–
Proportion of the Group's ownership interest in Kunshan Visionox Technology	35.1%	–
Carrying amount of the Group's interest in Kunshan Visionox Technology	186,746	–

#### *Financial position*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current assets	470,327	–
Non-current assets	216,449	–
Current liabilities	(152,203)	–
Non-controlling interest	(2,534)	–
Net assets	532,039	–

#### *Results for the year*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	397,287	–
Profit and total comprehensive income for the year	107,322	–
Group's share of associate's profit for the year	37,670	–

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 18. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments represent unlisted equity securities of a private entity engaging in manufacturing and trading of aluminium formed foil in the PRC. It is measured at cost less impairment at the end of the reporting period as the directors of the Company are of the opinion that their fair values cannot be measured reliably. No impairment was identified on these unlisted equity securities at the end of the reporting period.

### 19. 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.

### 20. INVENTORIES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Raw materials	50,298	34,094
Work in progress	24,473	17,727
Finished goods	68,346	43,724
	<b>143,117</b>	<b>95,545</b>

### 21. TRADE AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	183,105	152,566
Other receivables	23,844	14,982
Deposits	1,387	6,733
Prepayments	7,062	4,010
	<b>215,398</b>	<b>178,291</b>

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 30b, amounted to HK\$203,881,000 (2016: HK\$107,498,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 21. TRADE AND OTHER RECEIVABLES (continued)

The Group has a policy of allowing credit periods ranging from 30 days to 120 days. Trade receivables that were neither past due nor impaired are related to a number of independent customers that have a good track record with the Group.

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, at the end of the reporting period presented based on the invoice date (which approximated the respective revenue recognition dates):

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
1 – 30 days	85,437	79,843
31 – 60 days	43,186	25,228
61 – 90 days	21,018	34,747
91 – 120 days	20,652	12,748
Over 120 days	12,812	–
	<b>183,105</b>	<b>152,566</b>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines corresponding credit limits.

Included in the Group's trade receivable balance are debtors with a carrying amount of HK\$54,476,000 (2016: HK\$58,145,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the directors assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables based on the past due date, which are past due but not impaired at the end of each reporting period.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
1 – 30 days	38,596	33,197
31 – 60 days	11,112	18,801
61 – 90 days	2,872	3,446
91 – 120 days	1,650	1,390
Over 120 days	246	1,311
	<b>54,476</b>	<b>58,145</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 21. TRADE AND OTHER RECEIVABLES (continued)

#### Movement in the allowance for doubtful debts

	2017 HK\$'000	2016 HK\$'000
Balance at beginning of the year	6,036	5,797
Currency realignment	(214)	15
Impairment loss recognised	2,560	262
Amounts written off	(327)	(38)
Balance at end of the year	8,055	6,036

Included in the allowance for doubtful debts are individually impaired trade and other receivables with a balance of HK\$8,055,000 (2016: HK\$6,036,000) which have continuous delinquent payments. The Group does not hold any collateral over these balances.

#### Transfers of financial assets

The following were the Group's financial assets as at 31st March, 2017 and 2016 that were transferred to suppliers by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	Bills receivables endorsed to suppliers with full recourse	
	2017 HK\$'000	2016 HK\$'000
Carrying amount of transferred assets	21,766	19,435
Carrying amount of associated liabilities	21,766	19,435
Net position	–	–

### 22. BILLS RECEIVABLES

All the Group's bills receivables, based on issuance date, as at 31st March, 2017 and 2016, were aged within 90 days.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 23. HELD FOR TRADING INVESTMENTS

Held for trading investments include:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed securities:		
– Equity securities listed in Hong Kong	<u>289</u>	<u>344</u>

### 24. PLEDGED BANK DEPOSIT/BANK BALANCES AND CASH

#### (a) Pledged bank deposit

As at 31st March, 2017, pledged bank deposit with original maturity of more than three months carried interest at variable rate of 0.45% per annum over three or six-month off-shore Chinese Renminbi Hong Kong Interbank Offered Rate (“CNH HIBOR”).

The bank deposit has been pledged to secure the banking facilities granted to a PRC entity, which is owned by certain management personnel of Kunshan Visionox Technology. The banking facilities have a term of three years starting from March 2016. The pledged bank deposit will be released upon the settlement of the relevant bank borrowings, which is due more than twelve months after the end of the reporting period and therefore the amount is classified as a non-current asset.

#### (b) Bank balances

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Bank balances are interest bearing at respective saving deposits rate in Hong Kong and in the PRC and the effective interest rates of the Group's bank balances ranged from 0.01% to 2.75% (2016: 0.01% to 2.75%) per annum.

The Group's pledged bank deposit, bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities as stated in note 30b, amounted to HK\$55,392,000 (2016: HK\$38,523,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 25. TRADE AND OTHER PAYABLES

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	<b>155,793</b>	96,476
Accrued charges	<b>83,023</b>	76,959
Other payables	<b>19,495</b>	36,793
Deposits received from customers	<b>10,522</b>	7,094
Bills payables	<b>1,212</b>	760
	<b>270,045</b>	218,082

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 30 days	<b>57,058</b>	31,155
31 – 60 days	<b>24,970</b>	13,025
61 – 90 days	<b>23,722</b>	22,346
91 – 120 days	<b>20,557</b>	13,370
Over 120 days	<b>29,486</b>	16,580
	<b>155,793</b>	96,476

All the Group's bills payables as at 31st March, 2017 and 2016 were due within 90 days.

The Group's trade and other payables and bill payables that are denominated in currencies, other than functional currencies of the relevant group entities as stated in note 30b, amounted to HK\$155,463,000 (2016: HK\$124,918,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 26. BANK BORROWINGS

	2017 HK\$'000	2016 HK\$'000
Bank loans	42,000	21,000
Bank import loans	4,971	4,543
	<b>46,971</b>	<b>25,543</b>

All the Group's borrowings are unsecured, repayable within three months but contain a repayment on demand clause and carry variable interest rates at HIBOR plus certain basis points from 1.65% to 1.75% (2016: 1.65% to 1.75%) and bank overdraft at the Hong Kong Dollar Prime Rate. The range of effective interest rates on the Group's borrowings is at 1.65% to 2.75% (2016: 1.75% to 1.95%) per annum. The Group's borrowings that are denominated in currencies, other than functional currencies of the relevant group entities as stated in note 30b, amounted to HK\$3,805,000 (2016: HK\$15,543,000).

### 27. 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 an associate (Note) HK\$'000	Undistributed profits in associates HK\$'000	Accelerated tax depreciation HK\$'000	Temporary differences on allowance for receivables HK\$'000	Total HK\$'000
At 1st April, 2015	–	17,289	33	(101)	17,221
Charge (credit) to profit or loss	–	6,628	224	(238)	6,614
Dividend withholding tax paid	–	(780)	–	–	(780)
Exchange realignment	–	(767)	–	–	(767)
At 31st March, 2016	–	22,370	257	(339)	22,288
Charge (credit) to profit or loss	32,371	8,939	(214)	199	41,295
Dividend withholding tax paid	–	(1,933)	–	–	(1,933)
Exchange realignment	–	(1,490)	–	–	(1,490)
At 31st March, 2017	<b>32,371</b>	<b>27,886</b>	<b>43</b>	<b>(140)</b>	<b>60,160</b>

Note: Pursuant to the non-public offering of Shares of Nantong Jianghai, the Group's interest in Nantong Jianghai increased, resulting in an increase in the temporary difference in interests in an associate. A deferred tax is recognised based on the applicable tax rate of 10% over the temporary difference.

For the purpose of the consolidated statement of financial position presentation, the above deferred tax assets and liabilities have been offset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 27. DEFERRED TAXATION (continued)

At the end of the reporting period, the Group had unused tax losses of HK\$21.6 million (2016: HK\$25.8 million) and temporary differences on allowance for receivables of HK\$0.9 million (2016: HK\$0.9 million) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses for both years due to the unpredictability of future profit streams. Included in unrecognised tax losses are HK\$13.3 million (2016: HK\$16.4 million) that will expire in 2022. The remaining unrecognised tax losses may be carried forward indefinitely.

### 28. SHARE CAPITAL

	Number of shares		Share capital	
	2017 '000	2016 '000	2017 HK\$'000	2016 HK\$'000
Authorised 2,000 million ordinary shares of HK\$0.2 each	<b>2,000,000</b>	2,000,000	<b>400,000</b>	400,000
		Number of shares		Share capital
Issued and fully paid				
At 1st April, 2015		1,011,155		202,231
Repurchase of shares		(11,514)		(2,303)
At 31st March, 2016 and 31st March, 2017		<u>999,641</u>		<u>199,928</u>

During the year ended 31st March, 2016, the Company repurchased its own shares through the Hong Kong Stock Exchange as follows:

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

The above shares were cancelled upon repurchase.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years. The capital structure of the Group consists of equity attributable to equity holders of the Group, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall structure through the payment of dividends, new share issues and share repurchases as well as the issue of new debt or the redemption of existing debt.

## 30. FINANCIAL INSTRUMENTS

### 30a. Categories of financial instruments

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	291,962	277,064
Available-for-sale investments	2,739	2,739
FVTPL		
Held for trading investments	289	344
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	236,643	181,864

### 30b. Financial risk management and policies

The management provides risk management advice to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These financial risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using internal risk assessment which analyses exposures by degree and magnitude of risks to mitigate these risk exposures. The management of the Company manages and monitors the exposures on currency risk, interest risk, other price risk, credit risk and liquidity risk and non-derivative financial instruments, and the investment of excess liquidity. Compliance with such policies is reviewed by the executive management on a continuous basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 30. FINANCIAL INSTRUMENTS (continued)

#### 30b. Financial risk management and policies (continued)

##### Market risks

##### (i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 94% (2016: 93%) of the Group's sales are denominated in currencies other than the functional currency of the group entities making the sale, whilst approximately 93% (2016: 91%) of purchases of raw materials are denominated in currencies other than the functional currency of the group entities.

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

	Assets		Liabilities	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Renminbi ("RMB")	168,578	128,300	125,405	97,875
Taiwan dollars ("NT\$")	7,473	3,591	2	27
Japanese Yen ("JPY")	326	123	456	815
United States dollars ("US\$")	77,612	75,788	30,775	41,744

In addition, inter-company balances dominated in foreign currencies other than the respective group entities' functional currencies are as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Swiss Franc ("CHF")	22,687	19,092	–	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 30. FINANCIAL INSTRUMENTS (continued)

### 30b. Financial risk management and policies (continued)

#### **Market risks** (continued)

##### (i) *Currency risk* (continued)

#### Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where the functional currency of the relevant group entities strengthen 5% against relevant currency. For a 5% weakening of the functional currency of the relevant group entities against the relevant currency, there would be an equal and opposite impact on the post-tax profit, and the balances below would be negative.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
CHF	947	797
RMB	1,802	2,164
NT\$	312	149
JPY	(5)	(29)

For the group entities with functional currencies in the HK\$, as the HK\$ is pegged to the US\$, the exposure of a fluctuation in exchange risk of the HK\$ against the US\$ is not considered significant and thus the effect is not considered in the sensitivity analysis.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

##### (ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and bank balance (see note 26 for details of these borrowings and bank balances). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 30. FINANCIAL INSTRUMENTS (continued)

### 30b. Financial risk management and policies (continued)

#### **Market risks** (continued)

##### (ii) *Interest rate risk* (continued)

###### Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowing at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of reporting period were outstanding for the whole year. A 0.5% (2016: 0.5%) increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The exposure to the interest rate risk for variable-rate bank balances is insignificant and therefore the sensitivity analysis is not presented.

If interest rates had been 0.5% (2016: 0.5%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31st March 2017 would decrease/increase by approximately HK\$196,000 (2016: HK\$107,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

##### (iii) *Equity price risk*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 30. FINANCIAL INSTRUMENTS (continued)

### 30b. Financial risk management and policies (continued)

#### *Credit risk*

As at 31st March, 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with a good reputation.

The amounts due from the Group's five largest debtors which are all engaged in manufacturing and trading of electronic consumer products in Hong Kong, other regions of the PRC and United States of America and with a good payment history, accounted for 22% (2016: 16%) of the Group's total trade and bills receivables. The Group will monitor the level of exposures to ensure that follow up actions and/or corrective measures are taken promptly to lower the risk exposure or to recover the overdue balances. Other than the above, the Group has no other significant concentration risk, with exposures spread over a large number of counterparties and customers.

#### *Liquidity risk*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of banking facilities and ensures compliance with loan covenants.

As at 31st March, 2017, the Group's banking facilities amounted to approximately HK\$222,000,000 (2016: HK\$195,000,000) of which approximately HK\$49,800,000 (2016: HK\$28,792,000) were utilised for issuance of letters of credit, bills payables and bank borrowings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 30. FINANCIAL INSTRUMENTS (continued)

#### 30b. Financial risk management and policies (continued)

##### *Liquidity risk* (continued)

##### *Liquidity tables*

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The carrying amounts of financial liabilities represent the undiscounted cash flows that the Group is required to pay.

	<b>Weighted average effective interest rate</b>	<b>On demand or less than 3 months</b>	
	%	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-derivative financial liabilities</b>			
Trade and other payables	–	<b>189,672</b>	156,321
Bank borrowings – variable rate	2.30	<b>46,971</b>	25,543
		<b>236,643</b>	181,864

Bank borrowings with a repayment on demand clause are included in the “On demand or less than 3 months” time band in the above maturity analysis. At 31 March 2017, the aggregate undiscounted principal amounts of these bank loans amounted to HKD\$46,971,000 (2016: HK\$25,543,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK\$47,041,000 (2016: HK\$25,583,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 30. FINANCIAL INSTRUMENTS (continued)

#### 30c. Fair value measurements of financial instruments

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31st March, 2017	31st March, 2016		
	HK\$'000	HK\$'000		
Held for trading investments (see note 23)	289	344	Level 1	Quoted bid prices in an active market

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

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.
- The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

### 31. CAPITAL COMMITMENT

	2017 HK\$'000	2016 HK\$'000
Expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of plant and machinery	25,731	16,161
Capital commitment for investment that is contracted but not provided for:		
– Investment in a joint venture	18,034	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 32. OPERATING LEASE COMMITMENT

#### The Group as lessor

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within one year	525	379
In the second to fifth years inclusive	1,111	758
	<b>1,636</b>	<b>1,137</b>

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

#### The Group as lessee

Minimum lease payments paid under operating leases for rented premises and rented motor vehicles during the year amounted to approximately HK\$5,021,000 (2016: HK\$5,169,000) and HK\$1,233,000 (2016: HK\$748,000) respectively.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017		2016	
	Rented premises <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Rented premises <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>
Within one year	4,354	660	4,348	604
In the second to fifth year inclusive	9,798	593	8,622	927
More than five years	787	–	1,820	–
	<b>14,939</b>	<b>1,253</b>	<b>14,790</b>	<b>1,531</b>

Operating lease payments represent rentals payable by the Group for certain of its factories and office properties and motor vehicles. Leases are negotiated and rentals are fixed for an average term of two to five years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

## 33. SHARE AWARD SCHEME

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

The share award scheme of the Company was adopted by the board of directors on 24th October, 2012. Pursuant to the share award scheme, existing shares will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants until such shares are vested upon retirement age of 65 or the fifth year of service with the relevant selected participants in accordance with the provisions of the scheme, 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 HK\$4,118,000 (2016: HK\$2,188,000).

(i) Movements in the number of awarded shares were as follows:

	<b>Number</b>
At 1st April, 2015	6,618,000
Awarded ( <i>note a</i> )	2,648,000
Vested ( <i>note b</i> )	<u>(480,000)</u>
At 31st March, 2016	8,786,000
Awarded ( <i>note a</i> )	2,750,000
Vested ( <i>note b</i> )	<u>(660,000)</u>
At 31st March, 2017	<u>10,876,000</u>

*Notes:*

- (a) All the awarded shares are purchased from the market.
- (b) These represent awarded shares vested during the year.
- (c) At 31st March, 2016 and 2017, the fair value on the grant date of the shares awarded during the year are approximately HK\$4,184,000 and HK\$7,618,000 respectively which was determined based on the quoted share price of the Company on that date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 33. SHARE AWARD SCHEME (continued)

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

Remaining vesting period	At 31st March	
	Number of awarded shares	
	2017	2016
Less than 5 years	5,708,800	2,737,600
More than 5 years	5,167,200	6,048,400
	<b>10,876,000</b>	<b>8,786,000</b>

### 34. RETIREMENT BENEFIT PLANS

The Group participates in a MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

The retirement benefit scheme contributions arising from the MPF Scheme charged 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's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government in the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to profit or loss of approximately HK\$9,350,000 (2016: HK\$7,894,000) represents contributions payable to these schemes by the Group in respect of the current year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 35. ACQUISITION OF A SUBSIDIARY

#### (a) Acquisition of assets through acquisition of a subsidiary

On August 9, 2016, a direct wholly-owned subsidiary of the Company, as the purchaser, entered into a sale and purchase agreement with an independent third party seller, pursuant to which the seller agreed to dispose of, and the purchaser agreed to acquire 100% equity interest of Hugh Link Limited for a cash consideration of HK\$3,545,000. The acquisition was completed during the year and has been reflected in the movements of the Group's property, plant and equipment (see note 15). The acquisition was accounted for as an asset acquisition for office premises. No other significant assets and liabilities acquired.

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

	<i>HK\$'000</i>
<b>Consideration transferred</b>	
Cash	<u>312</u>
Assets acquired and liabilities recognised at the date of acquisition are as follows:	
Property, plant and equipment	2
Trade and other receivables	7,808
Bank balances and cash	632
Trade and other payables	<u>(7,533)</u>
	<u>909</u>
<b>Bargain purchase on acquisition</b>	
Consideration transferred	312
Plus: 50% interest previously held	461
Less: net assets acquired	<u>(909)</u>
	<u>(136)</u>
Cash inflow arising from an acquisition	
Cash consideration paid	(312)
Less: bank balances and cash acquired	<u>632</u>
	<u>320</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 35. ACQUISITION OF A SUBSIDIARY (continued)

#### (b) (continued)

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

Had the acquisition been completed on 1st April, 2015, total Group revenue for the year ended 31st March, 2016 would have been HK\$916,321,000, and profit for the year ended 31st March, 2016 would have been HK\$223,672,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st April, 2015, nor is it intended to be a projection of future results.

### 36. RELATED PARTY TRANSACTIONS

#### Compensation of key management personnel

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Short-term benefits	8,616	7,954
Share-based payment expenses	188	118
Post-employment benefits	299	266
	<b>9,103</b>	<b>8,338</b>

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

### 37. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into arrangements for transfers of financial assets to suppliers of HK\$21,766,000 (2016: HK\$19,435,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current assets</b>		
Investments in subsidiaries	<u>83,384</u>	83,384
<b>Current assets</b>		
Amounts due from subsidiaries	441,430	442,814
Other assets	549	775
Tax recoverable	<u>67</u>	–
	<u>442,046</u>	443,589
<b>Current liabilities</b>		
Accrued charges	5,757	5,393
Amounts due to subsidiaries	<u>98,909</u>	60,799
	<u>104,666</u>	66,192
<b>Net current assets</b>	<u>337,380</u>	377,397
<b>Total assets less current liabilities</b>	<u>420,764</u>	460,781
<b>Capital and reserves</b>		
Share capital	199,928	199,928
Reserves	<u>220,836</u>	260,853
	<u>420,764</u>	460,781

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

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

#### Movement of reserves

	Share award reserve HK\$'000	Shares held for share award scheme HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2015	959	(12,174)	126,763	7,829	49,259	43,698	216,334
Repurchase of ordinary shares	–	–	(16,013)	2,303	–	–	(13,710)
Profit and total comprehensive income for the year	–	–	–	–	–	100,823	100,823
Shares purchased for share award scheme	–	(4,680)	–	–	–	–	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme (note 33)	2,188	–	–	–	–	–	2,188
Shares vested under share award scheme (note 33)	(758)	758	–	–	–	–	–
Dividends recognised as distribution	–	–	–	–	–	(40,102)	(40,102)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

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

#### Movement of reserves (continued)

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share award reserve HK\$'000	Shares held for share award scheme HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31st March, 2016	110,750	10,132	2,389	(16,096)	49,259	104,419	260,853
Profit and total comprehensive income for the year	-	-	-	-	-	60,509	60,509
Dividends recognised as distribution	-	-	-	-	-	(99,964)	(99,964)
Shares purchased for share award scheme	-	-	-	(4,680)	-	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme (note 33)	-	-	4,118	-	-	-	4,118
Shares vested under share award scheme (note 33)	-	-	(1,828)	1,828	-	-	-
At 31st March, 2017	110,750	10,132	4,679	(18,948)	49,259	64,964	220,836

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:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

- (a) Details of the Company's principal subsidiaries at 31st March, 2017 and 2016 were as follows:

Name of subsidiary	Legal form of business	Place of incorporation or registration/ operations	Issued and fully paid up share/ registered capital	Percentage of nominal value of issued shares/registered capital held by the Company		Principal activities
				2017	2016	
Billion Power Investment Limited (Notes 1 and 2)	Incorporated	Hong Kong	HK\$1	100%	100%	Investment holding
Crown Capital Holdings Limited ("Crown Capital") (Note 1, 2 and 3)	Incorporated	BVI	HK\$80,000,000	47%	47%	Investment holding
Faith Crown International Limited (Note 1)	Incorporated	BVI	US\$1	100%	100%	Investment holding
Jiangmen Yeebo Electronic Technology Ltd. (Note 1) 江門億都電子科技有限公司	Wholly-owned foreign enterprise	The PRC	US\$3,708,314 registered capital	100%	100%	Manufacture of LCMs
Jiangmen Yeebo Semiconductor Co., Ltd. (Note 1) 江門億都半導體有限公司	Wholly-owned foreign enterprise	The PRC	US\$53,001,371 registered capital	100%	100%	Manufacture of LCDs and LCMs
Yeebo (B.V.I.) Limited (Notes 1 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 LCDs and LCMs
Yeebo LCD Limited (Note 1)	Incorporated	Hong Kong	HK\$10,000	100%	100%	Trading of LCDs and LCMs and investment holding
Yeebo Manufacturing Limited (Note 1)	Incorporated	Hong Kong	HK\$10,000	100%	100%	Trading of LCDs and LCMs
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

(a) (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 that are unrelated to the Group. 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		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	2017	2016	2017	2016
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Crown Capital	BVI	53%	53%	8,581	20,639	30,375	33,901
Individual immaterial subsidiaries with non-controlling interests				2,436	1,902	(3,472)	1,688
				11,017	22,541	26,903	35,589

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

### 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

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

##### *Crown Capital*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current assets	<u>1,994</u>	9,461
Current liabilities	<u>(5,457)</u>	(2,003)
Non-current assets	<u>59,724</u>	63,969
Equity attributable to owners of the Company	<u>25,886</u>	37,526
Non-controlling interest	<u>30,375</u>	33,901
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	<u>18,016</u>	40,647
Expenses	<u>(2,385)</u>	(1,145)
Profit for the year	<u>15,631</u>	39,502
Profit and total comprehensive income attributable to owners of the Company	7,050	18,863
Profit and total comprehensive income attributable to non-controlling interests	<u>8,581</u>	20,639
Profit and total comprehensive income for the year	<u>15,631</u>	39,502
Net cash (outflow)/inflow from operating activities	<u>(580)</u>	8,420
Net cash inflow (outflow) from investing activities	<u>18,003</u>	(7,381)
Net cash outflow from financing activities	<u>(16,468)</u>	–
Net cash inflow	<u>955</u>	1,039

## FINANCIAL SUMMARY

	For the year ended 31 March				
	2013 HK\$'000 (restate)	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000
Revenue	816,489	892,041	918,940	910,654	<b>906,175</b>
Profit before income tax	95,332	117,641	249,518	243,985	<b>507,617</b>
Income tax expense	(10,844)	(12,994)	(18,438)	(20,440)	<b>(54,192)</b>
Profit for the year	84,488	104,647	231,080	223,545	<b>453,425</b>
Attributable to:					
Owners of the Company	89,742	105,345	208,549	201,004	<b>442,408</b>
Non-controlling interests	(5,254)	(698)	22,531	22,541	<b>11,017</b>
	<b>84,488</b>	<b>104,647</b>	<b>231,080</b>	<b>223,545</b>	<b>453,425</b>
<b>ASSETS AND LIABILITIES</b>					
Total assets	1,166,247	1,297,108	1,518,563	1,642,227	<b>1,996,389</b>
Total liabilities	(220,180)	(280,494)	(304,385)	(298,019)	<b>(392,216)</b>
	<b>946,067</b>	<b>1,016,614</b>	<b>1,214,178</b>	<b>1,344,208</b>	<b>1,604,173</b>
Equity attributable to owners of the Company	948,539	1,018,799	1,193,712	1,308,619	<b>1,577,270</b>
Non-controlling interests	(2,472)	(2,185)	20,466	35,589	<b>26,903</b>
	<b>946,067</b>	<b>1,016,614</b>	<b>1,214,178</b>	<b>1,344,208</b>	<b>1,604,173</b>