



YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

Interim Report **2016/17**



CHAIRMAN'S STATEMENT

Dear Shareholders,

I take pleasure in presenting to our shareholders the results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September, 2016.

For the period under review, the Group recorded a drop of 8% in consolidated turnover to HK\$474 million whereas the profit attributable to owners of the Company increased by HK\$293 million to HK\$366 million. The increase in profit was mainly due to a non-recurring item of HK\$324 million from a gain on deemed dilution of Nantong Jianghai Capacitor Company Limited ("Nantong Jianghai"), an associate. Excluding the gain on deemed dilution, net of tax, of Nantong Jianghai, the Group posted a profit attributable to owners of the company of HK\$75 million as compared to HK\$73 million for the same period in last year.

The global economy was still sluggish and the demand for electronic products was generally lackluster. The difficult situation affected the Group's Liquid Crystal Display ("LCD") and Liquid Crystal Display Modules ("LCM") sales performance. Nevertheless, the gross profit had improved for the period under review, which was due to multiple reasons – (1) the committed strategy to capture market shares in the high sales value market segment like the Thin Film Transistor module market; (2) the thriving results of the production automation, which improved the production yield and decreased the Group's reliance of labour; (3) the expansion of production capacity in Guangxi Province, which provided a stable supply of relatively low cost labour; and (4) the decrease in the loss of capacitive touch panel ("CTP") business due to improved sales.

For the period under review, Kunshan Visionox Display Ltd ("Visionox Display") and Kunshan Visionox Technology Ltd ("Visionox Technology") performed well. The Group's share of their profit for the period amounted to HK\$22 million, an increase of HK\$11 million from last year. The increase is partly due to the better sales margin and partly due to the gain on disposal of fixed assets. With a well-diversified customer portfolio, well-versed management team and commanding a very high level of technical competency, Visionox Technology has positioned itself as a strong player in both the PRC 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 31.8% pursuant to a non-public issue of A shares ("the Allotment") completed in September, 2016. The Allotment raised RMB1.2 billion new capital for expanding the thin film capacitor and super capacitor business. Furthermore, the Allotment resulted in a gain on deemed dilution of approximately HK\$324 million recognized by the Group. The Group's share of Nantong Jianghai's profit in term of Hong Kong dollar decreased by HK\$2 million to HK\$34 million. The reduction in share of its profit was largely due to the decrease in non-recurring income and the depreciation in Renminbi. Nevertheless, the aluminium electrolytic capacitors business has shown signs of improvement. For the quarter ended 30 September 2016, Nantong Jianghai reported an increase of 33.54% in the profit attributable to owners of the company as compared to same quarter in last year. Leveraging on its strong foothold in the aluminium electrolytic capacitors and strong financial resources and technical competency to develop thin film capacitor and super capacitors, Nantong Jianghai has strongly fosters its leading position in the capacitors market in China.

Looking forward, the LCD and LCM business will be full of challenges. We believe our currently adopted strategy will continue to steer the Group in the right course of being a very competitive player in the market.

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

Fang Hung, Kenneth

Chairman

Hong Kong, 29th November, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a consolidated turnover for the 6 months ended 30th September, 2016 of approximately HK\$474 million (2015: HK\$513 million), a decrease of HK\$39 million or 8% as compared with the corresponding period of last year. Profit attributable to owners of the Company was HK\$366 million (2015: HK\$73 million), representing an increase of approximately HK\$293 million.

External sales of the LCD decreased by approximately HK\$13 million, from HK\$182 million to HK\$169 million. Turnover of the LCM decreased by HK\$40 million, from HK\$328 million to HK\$288 million. Such decreases were largely attributable to the fall in demand as a result of uncertainty in worldwide economic condition. The LCD segment recorded a segment profit of HK\$17 million which was more or less the same as last year, and the LCM segment recorded a decrease in segment profit of HK\$7 million from HK\$33 million for the last year to HK\$26 million this year largely due to the decrease in sales. The LCD-related products segment was related to CTP, which recorded a segment loss of HK\$3 million (2015: HK\$10 million). Sales in this segment started to pick up as the product development work in previous years started to materialize into revenue in current period and the loss situation has improved. However, we do not expect the CTP business will provide significant contribution to the Group this year.

Despite a drop in turnover, gross profit in the period under review increased to approximately HK\$81 million (2015: HK\$80 million) and gross profit margin increased to 17% (2015: 16%). The increase in profitability stemmed from the following reasons: (1) the increase in TFT module sales which contributed a higher profit margin; (2) the investment in production automation in previous years that resulted in higher production yield; and (3) the stability of the labour force in Guangxi province which provided a manageable wage base and higher labour efficiency.

During the period, other income amounted to approximately HK\$5 million (2015: HK\$5 million). The other income mainly comprised tooling income and scrap sales.

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

Selling and distribution expenses amounted to approximately HK\$35 million (2015: HK\$34 million) and maintained at 7% of turnover (2015: 7%). The increase in the absolute amount was mainly due to the promotional expenses and depreciation.

Administrative expenses amounted to HK\$14 million (2015: HK\$13 million) and maintained at about 3% of sales. (2015: 3%). The increase was mainly due to the staff-related costs.

Investments in Associates

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

Nantong Jianghai, an associate of the Group, is mainly engaged in the manufacture and sales of aluminum electrolytic capacitors and related components, and the production and sales of aluminum formed foil for high-performance aluminum electrolytic capacitors. During the period, Nantong Jianghai completed a non-public new issue of A shares (“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. The new capital raised will be used for the business development of thin film capacitors and super capacitors. 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 period.

Excluding the gain on deemed dilution, the share of profit from Nantong Jianghai for the period under review amounted to HK\$34 million (2015: HK\$36 million), which was HK\$2 million or 6% lower than last year. Overall speaking, the sales grew but the Group’s share of its profit in Hong Kong dollar term dropped, mainly due to the decrease in the non-recurring income and depreciation of Renminbi during the period. 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. Nevertheless, the profit margin was under pressure due to the keen price competition. While the thin film capacitor’s sales momentum is building up as new customers’ approvals are progressively obtained, more marketing effort would be devoted to boost the sales. On the other hand, higher sales volume of super capacitors is expected to incur in the second half of the year after new customers’ approval for the products has been secured.

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 period 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\$22 million as compared to HK\$11 million in last year. The increase is due partly to better business performance and partly to the recognition of disposal gain of fixed assets. The profit margin has continued to increase as Visionox Technology adopted the strategy of targeting at the high-margin market segment and devoted much efforts in enhancing the productivity.

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\$4 million and deferred tax on gain on deemed dilution of interests in an associate of HK\$32 million) was 24% (2015: 21%).

PROSPECTS

Looking forward, the operating environment of LCD and LCM business is full of challenges which include stagnant demand and keen price competition. Inevitably, the profit margin will continue to be under severe pressure. By committing our strategy to target at the high value and high margin market segment and to adopt production automation to improve the productivity, we strongly believe 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 positive profit contribution to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2016, the Group's current ratio was 1.1 (31st March, 2016: 1.2). The gearing ratio, as a ratio of bank borrowings to net worth, was 1.0% (31st March, 2016: 1.9%).

As at 30th September, 2016, the Group had total assets of approximately HK\$2,062 million, which were financed by liabilities of HK\$493 million and total equity of HK\$1,569 million.

As at 30th September, 2016, the Group's banking facilities amounted to approximately HK\$195 million (31st March, 2016: HK\$195 million) of which approximately HK\$30 million (31st March, 2016: HK\$29 million) were utilized mainly for issuance of letters of credit, short term loan and bills payable.

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

CONTINGENT LIABILITIES AND CHARGES OF ASSETS

As at 30th September, 2016, the Group did not have any significant contingent liabilities and there were no significant charges or pledges on any of the Group's assets (2015: nil).

EMPLOYMENT AND REMUNERATION POLICY

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

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

DIVIDEND

The Directors have resolved not to recommend the payment of an interim dividend for the six months ended 30th September, 2016.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 30th September, 2016, the interests and short positions of the Directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

Long position in the share of the Company

	Number of shares and nature of interests			Total	Percentage of Company's issued capital
	Personal interests	Through controlled corporations			
Mr Fang Hung, Kenneth	20,130,000	–		20,130,000	2.01%
Mr Li Kwok Wai, Frankie (Note (i))	69,628,381	610,000,000		679,628,381	67.99%
Mr Leung Tze Kuen (Note (iii))	1,090,000	–		1,090,000	0.11%

Short position in the share of the Company

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

Notes:

- (i) Antrix Investment Limited owns 610,000,000 shares of the Company and has granted call options to grantees to subscribe for an aggregate of 40,000,000 of such shares. Mr Li Kwok Wai, Frankie beneficially owns 41.70% of the issued share capital of Antrix Investment Limited.
- (ii) The 1,090,000 shares represent shares granted under the share award scheme of the Company and are subject to the satisfactory fulfilment of vesting conditions.

Save as disclosed above, as at 30th September, 2016, none of the Directors, the chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2016, the following interests and short position of 5% or more in the shares and underlying shares of the Company were recorded in register maintained by the Company pursuant to Section 336 of the SFO.

Long position in the shares of the Company

	Capacity and nature of interest	Number of shares held	% of the Company's issued share capital
Antrix Investment Limited (Note)	Directly beneficially owned	610,000,000	61.02%
Esca Investment Limited (Note)	Indirectly beneficially owned	610,000,000	61.02%
Megastar Venture Limited (Note)	Indirectly beneficially owned	610,000,000	61.02%
Fang Brothers Holdings Limited (Note)	Indirectly beneficially owned	610,000,000	61.02%

Short position in the shares of the Company

	Capacity and nature of interest	Number of shares held	% of the Company's issued share capital
Antrix Investment Limited (Note)	Directly beneficially owned	40,000,000	4.00%
Esca Investment Limited (Note)	Indirectly beneficially owned	40,000,000	4.00%
Megastar Venture Limited (Note)	Indirectly beneficially owned	40,000,000	4.00%
Fang Brothers Holdings Limited (Note)	Indirectly beneficially owned	40,000,000	4.00%

Note: Antrix Investment Limited is held as to 58.30% by Esca Investment Limited (a company wholly-owned by Fang Brothers Holdings Limited in which none of its shareholders holds more than 20% of its issued share capital) and 41.70% by Megastar Venture Limited (a company wholly-owned by Mr Li Kwok Wai, Frankie). The shares held by Esca Investment Limited, Megastar Venture Limited and Fang Brothers Holdings Limited represent the same interest held by Antrix Investment Limited, which have also been disclosed as an interest of Mr Li Kwok Wai, Frankie under the section "Interests of Directors' and Chief Executive in Securities".

Save as disclosed above, as at 30th September, 2016, the Company was not notified by any persons who had interests or short positions of 5% or more in the shares and underlying shares of the Company which is required to be recorded under Section 336 of the SFO.

CHANGES IN DIRECTORS' INFORMATION

Mr. Tien Pei Chun, James ("Mr. Tien"), independent non-executive director of the Company, has retired as a Legislative Councillor. Moreover, New World China Land Limited (in which Mr. Tien was an independent non-executive director) has withdrawn its listing on the Stock Exchange with effect from 4 August 2016.

Other than disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules").

CORPORATE GOVERNANCE

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

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

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30th September, 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of securities of the Company or by any of its subsidiaries during the six months ended 30th September, 2016.

AUDIT COMMITTEE

The Audit Committee comprises all of the three independent non-executive Directors, namely Mr Tien Pei Chun, James, Mr Chu Chi Wai, Allan and Mr Lau Yuen Sun, Adrian; as well as Mr Fang Yan Tak, Douglas, non-executive Director. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September, 2016.



Deloitte.

德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Yeebo (International Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 28, which comprise the condensed consolidated statement of financial position as of 30th September, 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29th November, 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2016

		Six months ended 30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Revenue	3	473,743	513,416
Cost of sales		(392,346)	(433,752)
Gross profit		81,397	79,664
Other income		5,222	5,467
Interest income		136	195
Other gains and losses	4	158	1,052
Selling and distribution expenses		(35,077)	(34,202)
Administrative expenses		(14,378)	(13,076)
Finance costs		(241)	(223)
Share of results of associates		55,490	47,721
Share of results of a joint venture		-	127
Gain on deemed dilution of interests in an associate	5	323,713	-
Profit before income tax		416,420	86,725
Income tax expense	6	(44,983)	(11,069)
Profit for the period	7	371,437	75,656
Other comprehensive income:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Share of other comprehensive income of associates		(30,594)	(22,533)
Exchange differences arising on translation of foreign operations		(874)	(478)
Total comprehensive income for the period		339,969	52,645
Profit for the period attributable to:			
Owners of the Company		366,444	73,087
Non-controlling interests		4,993	2,569
		371,437	75,656
Total comprehensive income attributable to:			
Owners of the Company		336,286	51,225
Non-controlling interests		3,683	1,420
		339,969	52,645
Earnings per share			
Basic – HK cents	9	36.7	7.25

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH SEPTEMBER, 2016

	NOTES	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	264,100	268,036
Investment properties		1,157	1,207
Prepayment for acquisition of property, plant and equipment		16,353	5,672
Interests in associates	5	1,262,615	977,013
Available-for-sale investments		2,739	2,739
Intangible assets		1,459	1,459
Pledged bank deposit		45,896	45,896
		1,594,319	1,302,022
Current assets			
Inventories		126,893	95,545
Trade and other receivables	11	250,103	178,291
Bills receivables	11	34,603	22,316
Amounts due from associates		123	118
Held for trading investments		266	344
Bank balances and cash		56,194	43,591
		468,182	340,205
Current liabilities			
Trade and other payables	12	275,233	217,322
Bills payables	12	12,448	760
Bank borrowings		16,069	25,543
Dividend payable		99,964	–
Tax payable		31,576	32,106
		435,290	275,731
Net current assets		32,892	64,474
Total assets less current liabilities		1,627,211	1,366,496

		30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
	<i>NOTES</i>		
Non-current liabilities			
Deferred tax liabilities		57,775	22,288
		1,569,436	1,344,208
Capital and reserves			
Share capital	13	199,928	199,928
Reserves		1,343,120	1,108,691
Equity attributable to owners of the Company		1,543,048	1,308,619
Non-controlling interests		26,388	35,589
Total equity		1,569,436	1,344,208

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2016

	Attributable to owners of the Company										
	Shares Capital	Share premium	Capital reserve <small>(Note)</small>	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for award scheme	Retained profits	Total	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2015 (audited)	202,231	126,763	2,125	7,829	89,064	959	(12,174)	776,915	1,193,712	20,466	1,214,178
Profit for the period	-	-	-	-	-	-	-	73,087	73,087	2,569	75,656
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	(21,862)	-	-	-	(21,862)	(1,149)	(23,011)
Total comprehensive income for the period	-	-	-	-	(21,862)	-	-	73,087	51,225	1,420	52,645
Repurchase of ordinary shares	(1,722)	(10,722)	-	1,722	-	-	-	-	(10,722)	-	(10,722)
Shares purchased for share award scheme	-	-	-	-	-	-	(4,680)	-	(4,680)	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme	-	-	-	-	-	1,218	-	-	1,218	-	1,218
Shares vested under share award scheme	-	-	-	-	-	(685)	685	-	-	-	-
Dividend – declared (Note 8)	-	-	-	-	-	-	-	(40,102)	(40,102)	-	(40,102)
At 30th September, 2015 (unaudited)	200,509	116,041	2,125	9,551	67,202	1,492	(16,169)	809,900	1,190,651	21,886	1,212,537
At 1st April, 2016 (audited)	199,928	110,750	2,125	10,132	61,574	2,389	(16,096)	937,817	1,308,619	35,589	1,344,208
Profit for the period	-	-	-	-	-	-	-	366,444	366,444	4,993	371,437
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	(30,158)	-	-	-	(30,158)	(1,310)	(31,468)
Total comprehensive income for the period	-	-	-	-	(30,158)	-	-	366,444	336,286	3,683	339,969

Attributable to owners of the Company

	Shares Capital	Share premium	Capital reserve <small>(Note)</small>	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for award scheme	Retained profits	Total	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Shares purchased for share award scheme	-	-	-	-	-	-	(4,680)	-	(4,680)	-	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme	-	-	-	-	-	2,787	-	-	2,787	-	2,787
Shares vested under share award scheme	-	-	-	-	-	(1,828)	1,828	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(12,884)	(12,884)
Dividend – declared (Note 8)	-	-	-	-	-	-	-	(99,964)	(99,964)	-	(99,964)
At 30th September, 2016 (unaudited)	199,928	110,750	2,125	10,132	31,416	3,348	(18,948)	1,204,297	1,543,048	26,388	1,569,436

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2016

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	6,936	39,009
Investing activities		
Purchase of property, plant and equipment	(14,074)	(10,977)
Prepayment for acquisition of property, plant and equipment	(14,035)	(8,037)
Dividend received from the listed associate, net of withholding tax	14,139	14,829
Proceeds on share capital reduction of an associate	48,120	-
Net cash inflow on acquisition of subsidiary	-	320
Dividend received from available-for-sale investments	110	272
Interest income	136	195
Proceeds on disposal of property, plant and equipment	84	128
Net cash from (used in) investing activities	34,480	(3,270)
Financing activities		
Payment for repurchase of ordinary shares	-	(10,722)
Payment for purchase of shares for share award scheme	(4,680)	(4,680)
Repayment of bank borrowings	(25,543)	(8,483)
Interest paid	(241)	(223)
Bank borrowings raised	16,069	11,914
(Advance to) repayment from associates	(5)	34
Dividends paid to non-controlling interests	(12,884)	-
Net cash used in financing activities	(27,284)	(12,160)
Net increase in cash and cash equivalents	14,132	23,579
Effect of change in exchange rates	(1,529)	(433)
Cash and cash equivalents at beginning of the period	43,591	36,800
Cash and cash equivalents at end of the period, represented by bank balances and cash	56,194	59,946

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2016

1. BASIS OF PREPARATION

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

Significant events and transactions in the current interim period

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended 30th September, 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2016.

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

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarifications of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
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 new amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

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

Six months ended 30th September, 2016

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

3. SEGMENT INFORMATION *(continued)*

Six months ended 30th September, 2015

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

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

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

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2016 HK\$'000	30.9.2015 HK\$'000
(Loss) gain on disposal of property, plant and equipment	(226)	93
Net exchange gain	384	823
Gain on bargain purchase	–	136
	158	1,052

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

	30.9.2016 HK\$'000	31.3.2016 HK\$'000
Share of net assets		
Listed associate	1,085,793	768,676
Unlisted associates	176,822	208,337
	1,262,615	977,013
Fair value of listed investments	3,148,351	2,786,569

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

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

	HK\$'000
Share of net assets after dilution	1,080,578
Less: share of net assets before dilution	(756,865)
	323,713

6. INCOME TAX EXPENSE

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
The tax charge comprises:		
Current tax		
Hong Kong	5,128	7,911
Other jurisdictions	4,368	984
	9,496	8,895
Deferred taxation		
Current period	35,487	2,174
	44,983	11,069

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

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

Pursuant to the relevant law and regulations in the PRC, one of the Company's PRC subsidiaries was approved as a HiTech Enterprise and entitled to 15% PRC enterprise income tax for three years from 2015 to 2017. The PRC subsidiary was granted the status of a Hi-Tech Enterprise in 2015 by the relevant government and accordingly, PRC Enterprise Income Tax is provided at 15% for the period ended 30th September, 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 "Arrangement"), the withholding tax aforementioned can be reduced to 5%, if the non-resident investor is a Hong Kong incorporated company, provided that the Hong Kong incorporated company beneficially owns no less than 25% of the PRC company.

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

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	21,054	19,539
Share of tax of associates (included in share of results of associates)	6,014	4,867
Allowances for doubtful debts	2,486	4,205
Allowances for obsolete inventories (included in cost of sales)	5,296	4,674

8. DIVIDEND

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31st March, 2016 of HK5 cents per share (2015: Final dividend in respect of the year ended 31st March, 2015 of HK4 cents per share)	49,982	40,102
Special dividend in respect of the year ended 31st March, 2016 of HK5 cents per share (2015: nil)	49,982	–
	99,964	40,102

9. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2016	30.9.2015
Earnings attributable to the owners of the Company for the purpose of basic earnings per share (HK\$'000)	366,444	73,087
Weighted average number of ordinary shares for the purpose of basic earnings per share	999,641,171	1,008,279,433

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

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group spent approximately HK\$17,428,000 (six-month period ended 30th September, 2015: HK\$16,995,000) on additions to the property, plant and equipment, which are mainly for the production of LCD and LCM products in the manufacturing plants in PRC.

11. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLES

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

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

	30.9.2016 HK\$'000	31.3.2016 HK\$'000
1 – 30 days	81,776	79,843
31 – 60 days	64,467	25,228
61 – 90 days	36,407	34,747
91 – 120 days	19,055	12,748
	201,705	152,566

All the Group's bills receivables as at 30th September, 2016 and 31st March, 2016 were due within 180 days.

12. TRADE AND OTHER PAYABLES/BILLS PAYABLES

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

	30.9.2016 HK\$'000	31.3.2016 HK\$'000
Up to 30 days	66,449	31,155
31 – 60 days	32,369	13,025
61 – 90 days	28,826	22,346
91 – 120 days	19,972	13,370
Over 120 days	17,444	16,580
	165,060	96,476

All the Group's bills payables as at 30th September, 2016 and 31st March, 2016 were due within 90 days.

13. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised		
2,000 million ordinary shares of HK\$0.2 each	2,000,000	400,000
Issued and fully paid		
At 1st April, 2015	1,011,155	202,231
Repurchase of shares	(8,608)	(1,722)
At 30th September, 2015	1,002,547	200,509
Repurchase of shares	(2,906)	(581)
At 31st March, 2016 and 30th September, 2016	999,641	199,928

During the period ended 30th September, 2015 and 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
	11,514,000			16,013

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's shares during the period.

14. SHARE AWARD SCHEME

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

The share award scheme of the Company was adopted by the board of directors on 24th October, 2012. Pursuant to the share award scheme, existing shares will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants until such shares are vested with the relevant selected participants in accordance with the provisions of the scheme.

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

	Number of shares
Outstanding as at 1st April, 2016	8,786,000
Granted during the period	2,750,000
Vested during the period	(660,000)
<hr/>	
Outstanding as at 30th September, 2016	10,876,000

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

15. 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)
	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000		
Held for trading investments	266	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.

16. ACQUISITION OF A SUBSIDIARY

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

HK\$'000

Consideration transferred

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

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

909

Bargain purchase on acquisition

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

(136)

Cash inflow arising from an acquisition

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

320

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

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

17. CAPITAL COMMITMENTS

	30.9.2016 HK\$'000	31.3.2016 HK\$'000
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	35,347	16,161

18. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

During the current interim period, the Group's remuneration paid to the directors who represent the key management personnel of the Group are as follows:

	Six months ended	
	30.9.2016 HK\$'000	30.9.2015 HK\$'000
Short-term benefits	4,640	3,977
Post-employment benefits	166	133
	4,806	4,110