YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

2019 | 20
ANNUAL REPORT

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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. CHU Chi Wai, Allan*
Mr. LAU Yuen Sun, Adrian*
Mr. CHEN Shuang*, JP*

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

COMPANY SECRETARY

Mr. LAU Siu Ki, Kevin

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 54, 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

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 81, 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 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 62, 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 Company as a Director in November 1995.

LEUNG Tze Kuen, aged 57, is responsible for the planning and developing finance strategies, direct investment management and policy setting of the Group. He is also a director of various subsidiaries of the Company. Mr. Leung graduated from the Chinese University of Hong Kong majoring in Accounting. He also holds a MBA degree from Monash University, Australia. He is a member of CPA Australia. He has extensive experience in operational and financial management. Mr. Leung was appointed as an Executive Director of the Company in September 2007.

NON-EXECUTIVE DIRECTOR

FANG Yan Tak, Douglas, aged 47, 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

CHU Chi Wai, Allan, aged 68, has over 48 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 65, holds a Bachelor Degree in Commerce from the University of Windsor, Canada and has years of experience in banking and investment. Mr. Lau had worked for the National Bank of Canada as the vice president of Asia region as well as the general manager of the Hong Kong branch from September 1994 to December 1996. He has served directorships in various listed companies in Hong Kong. Mr. Lau joined the Company as an Independent Non-executive Director in May 2004.

DIRECTORS AND SENIOR MANAGEMENT

CHEN Shuang, JP, aged 52, is currently the founding and managing partner of APlus Partners Management Co. Limited. Previously Mr. Chen was the chief executive officer and president of CIMC Capital Holdings Limited and also the chairman and president of CIMC Capital International Co. Ltd., a director and deputy general manager of China Everbright Holdings Co., Ltd.; an executive director, the chief executive officer and the chairman of the management decision committee of China Everbright Limited. Mr Chen was also a director of a number of listed and private companies in Hong Kong and People's Republic of China. In addition, he also serves in various public offices including as a member of the board of directors of Hong Kong Science and Technology Parks Corporation, a member of the Exchange Fund Advisory Committee's Financial Infrastructure and Market Development Sub-Committee of the Hong Kong Monetary Authority, a member of the Mainland Business Advisory Committee of the Hong Kong Trade Development Council and the chairman of Hua Jing Society. Mr. Chen graduated from the East China University of Political Science and Law with a Master of Law degree and a Diploma in Legal Studies from the School of Professional and Continuing Education of the University of Hong Kong. He is a qualified lawyer in the People's Republic of China and a senior economist. Mr. Chen has over 27 years of experience in commercial and investment banking. Mr. Chen joined the Company as an Independent Non-executive Director in September 2019.

COMPANY SECRETARY

LAU Siu Ki, Kevin, aged 61, is the Company Secretary of the Company. Mr. Lau graduated from the Hong Kong Polytechnic and is a fellow member of both the Association of Chartered Certified Accountants as well as the Hong Kong Institute of Certified Public Accountants. He has extensive experience working in or with listed companies in Hong Kong. Mr. Lau joined the Company in May 2004.

SENIOR MANAGEMENT

HAN Yu Zhong, aged 63, is the President responsible for the overall Liquid Crystal Displays ("LCD") and Liquid Crystal Display Modules ("LCM") business operation. Mr. Han's experience has predominantly been gained in LCD manufacturing and business operations and has capitalized his experience therefrom to carry out the Group's business expansion plan. Mr. Han joined the Group in 1990.

JIA Xiu Juan, aged 57, 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 the People's Republic of China ("PRC") with a postgraduate diploma. Ms. Jia joined the Group in 1999.

HUANG Wen Huei, aged 45, 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 Thin Film Transistor ("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 18 years' experience in customer service and market operations of LCD and LCM products. Mr. Huang joined the Group in 2004.

TSUI Siu Keung, aged 46, 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 20 years' experience in customer service management, sales and marketing. Mr. Tsui joined the Group in 2000.

YANG Zhao Hui, aged 48, is the Vice President responsible for the management of the factory's power system, production equipment, Capacitive Touch Panel ("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.

WAN Wai Tak, aged 68, 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 40 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.

XIE Wen Zhen, aged 49, is the Senior Manager responsible for the purchases of LCD, LCM and CTP and the material control. Ms. Xie graduated from Shaanxi University of Science & Technology with a Bachelor's Degree in Engineering. Ms. Xie joined in the Group in 2001.

YANG Ying Jun, aged 53, 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.

LIU Xiu Zhen, aged 52, is the Senior Manager responsible for the information technology, human resources and quality management 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 46, is the Senior Manager responsible for Eastern China market and certain overseas markets. Mr. Xiong graduated from Nanjing Institute of technology. Mr. Xiong has 23 years experience in LCD and LCM manufacturing, quality control and marketing. Mr. Xiong has strong technical knowledge in Twisted Nematic ("TN"), Super-Twisted Nematic ("STN"), LCM, and TFT. Mr. Xiong joined the Group in 1996.

XIE Hong Jun, aged 42, is the Senior Manager responsible for sales and marketing for certain areas in the PRC and overseas markets. Mr. Xie has 20 years' experience in LCD material control and marketing. He joined the Group in 2000.

XU Xiu Yan, aged 41, is the Senior Manager mainly responsible for sales and marketing for overseas market. Ms. Xu graduated from Guangdong University of Foreign Studies with a bachelor's degree in Business Management. Ms. Xu has been working in the field of customer service management, sales and marketing for over 18 years. Ms. Xu joined the Group in 2002.

DIRECTORS AND SENIOR MANAGEMENT

WU Hong Jin, aged 51, is the Senior Manager responsible for the factory management in Guangxi province. Mr. Wu has 29 years experience in LCD industry. He graduated from South China Normal University and joined the Group in 2013.

LIN Tsui Ping, aged 54, 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 28 years' experience in the development and production of LCD products. Ms. Lin joined the Group in 2003.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to present to our shareholders the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st March, 2020.

It was an unprecedented year of challenge for the Group in the financial year of 2019/20. The Sino-US trade tensions lingered in 2019 followed by the outbreak of the Covid-19 pandemic in early 2020. We encountered a global economy overcast by a lot of uncertainties. For the year under review, the Group recorded a decrease in consolidated turnover of 13% to HK$813 million and the profit attributable to owners of the Company decreased from approximately HK$289 million to HK$124 million. The reduction in profit was mainly due to the non-recurring gain of HK$194 million (after deducting relevant tax and non-controlling interest) on disposal of all the equity interests in Kunshan Visionox Display Ltd ("Kunshan Display"), a then 43.87% owned associate of the Group in previous year.

With the battered global economy, the overall demand for electronic products and components had fallen in the year under review. The sales dropped due to two major reasons: (1) the proliferation of the trade disputes between China and United States dampened the business sentiment and (2) the outbreak of the Covid-19 pandemic affected both the upstream and downstream operations worldwide. To mitigate the situation, the Group implemented cost control measures to reduce the impact on the profitability and also tightened the credit and stock control to maintain a healthy liquidity position. On the marketing front, we focused the marketing and product development effort on Liquid Crystal Display Modules "LCM", Thin Film Transistor "TFT" modules and TFT-Capacitive Touch Panels modules (TFT-CTP) with an aim to strengthen our foothold in the high-value market and capture more market share.

CHAIRMAN'S STATEMENT

The Group's share of profit of Nantong Jianghai Capacitor Company Ltd ("Nantong Jianghai"), a 31.7% associate of the Group, decreased by HK$8 million to HK$81 million in the year under review. During the year Nantong Jianghai operated under an environment comprising a drop of demand and intensive price competition. Nevertheless, it managed to maintain its market share under such unfavourable environment. Furthermore, Nantong Jianghai leveraged on its competitive advantage in high-technical product development and penetrated into new market segments like the new energy and 5G telecommunication. Possessing the capability to manufacture the traditional aluminium electrolytic capacitors and the newly developed thin film capacitors, supercapacitors, polymer and multi-layer polymer capacitors, it has strategically positioned as a global one-stop capacitors supplier.

Kunshan Visionox Technology Co Ltd ("Kunshan Technology"), a 35.1% associate of the Group mainly engaged in the sales and manufacture of Organic Light Emitted Diode ("OLED") products, delivered a lower profitabilty amidst the difficult trading environment in the year under review. The Group's share of profit of Kunshan Technology decreased from HK$25 million to HK$18 million this year. The sales performance derailed in the second half year, along with the impact of widening differences between China and United States, in particular in the wearable market. Thanks to the well-diversified market segment portfolio and the emergence of the medical market and intelligent home appliance market, the impact was, to certain extent, mitigated. With a state of art research and technical platform underpinned by a strong and competent management team, Kunshan Technology is set to enter a new era by upgrading its product quality and diversifying into other OLED technological-related business.

Looking forward, it is difficult to predict how long the negative impact of Covid-19 pandemic on the global economy will continue to last and we expect the display business to still be under severe pressure this year. With a strong liquidity and healthy financial position, we are committed to devote resources to strengthen our product development capabilities and upgrade our TFT-CTP production facilities to combat the situation. We strongly believe that we will emerge to be a strong competitive player in the high-value display module market segment and to meet future market demand. Meanwhile, we will monitor the development of the trading environment and adopt cost saving measures to maintain the profitability of the Group.

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

Fang Hung, Kenneth
Chairman

Hong Kong, 26th June, 2020

REVIEW OF OPERATIONS

The Group recorded a consolidated turnover for the year ended 31st March, 2020 of approximately HK$813 million (2019: HK$934 million), a decrease of HK$121 million or 13% as compared with last year. Profit attributable to owners of the Company was HK$124 million (2019: HK$289 million), representing a decrease of approximately HK$165 million. The decrease in profit was mainly due to the non-recurrence of the gain on disposal of the Group's entire equity interest in Kunshan Visionox Display Co Ltd ("Kunshan Display"), a former associate in which the Group had an equity interest of 43.87% prior to the disposal, of HK$194 million (after deducting relevant tax and non-controlling interest).

The mounting trade tensions between China and USA had affected the overall sales of the Group in the year under review. External sales of the Liquid Crystal Displays ("LCD") decreased by HK$81 million, from HK$253 million to HK$172 million. Such decrease was mainly attributable to the weakened demand in LCD as well as the Group's policy of tightening credit granted to customers. The LCD segment recorded a loss of HK$17 million as compared with a profit of HK$12 million of last year. Turnover of Liquid Crystal Display Modules ("LCM") decreased by HK$58 million, from HK$601 million to HK$543 million, and the LCM segment recorded a segment profit of HK$31 million as compared with HK$46 million of last year. The demand for LCM decreased and the Thin Film Transistor ("TFT") modules market experienced intensive price competition. This led to fall in both sales and segment profit. The LCD-related products segment was related to Capacitive Touch Panel ("CTP") and CTP modules, which recorded a segment sales of HK$98 million (2019: HK$80 million) and a profit of approximately HK$234,000 (2019: loss of HK$2 million). With the growing demand in the CTP modules market, we registered sales growth in the smart home appliance, smart office appliance and Point-of-Sales market segments.

In the year under review, the drop in sales has led to a decrease in gross profit to HK$106 million (2019: HK$144 million), down by approximately HK$38 million and the gross profit margin fell from 15% to 13%. This was mainly due to fall in demand, the intensive price competition and the under absorption of the factory fixed overheads due to the decrease in production volume.

In September 2019, a fire broke out in one of the production chambers and caused damages to certain production facilities, machineries and inventories. A net loss of approximately HK$5 million in relation to the fire accident was recorded in the year. Despite the unfortunate incident, no one was injured and there was no material interruption of the production.

During the year, other income amounted to approximately HK$12 million (2019: HK$12 million). The other income mainly comprised interest income, rental income, tooling income and scrap sales.

Net loss from other gains and losses for current year was mainly attributable to net exchange loss and the net loss on disposal and written off of fixed assets.

Selling and distribution expenses amounted to HK$72 million (2019: HK$72 million), or 9% of turnover (2019: 8%). The increase in percentage of sales was mainly due to the fall in sales.

Administrative expenses amounted to HK$28 million (2019: HK$29 million), reduced by HK$1 million which was mainly due to decrease in staff-related costs.

INVESTMENTS IN ASSOCIATES

Investment in Nantong Jianghai Capacitor Company Ltd ("Nantong Jianghai")

Nantong Jianghai, a 31.7%-owned associate of the Group, is mainly engaged in research, manufacture and sale of capacitors and related materials and components. The Group's shareholding in Nantong Jianghai has been diluted from 31.8% to 31.7% as a result of the exercise of options granted to the employees of Nantong Jianghai under its staff share option scheme. The share of profit from Nantong Jianghai for the current year decreased from HK$89 million to HK$81 million, representing a decrease of HK$8 million or 9% amidst operating under a very challenging environment.

During the year, the unfavorable business environment has led to decreased demand in electronic products and keen selling price competition in the aluminum electrolytic capacitor market, aggravated by the trimming of inventory level by customers. Nantong Jianghai reacted by consolidating its existing customer portfolio while actively exploring emerging markets like the 5G telecommunications and new energy market.

The first phase construction for small-sized capacitor and Multi-layer Polymer Capacitor ("MLPC") production base in Hubei province has been completed. Despite minor setbacks, promising strides have been made on equipment automation, prototype production, manufacturing processes, sample certification testing and market development. In addition, solid progress has also been achieved in production line optimizations and MLPC trial production. Customer's initial feedback has been positive. It is expected that the new production base would yield promising results in the future.

Regarding the aluminium foil production capabilities, both the upgrading plan for the new etching foil production line and the expansion plan for aluminum folded foil have been completed. Such vertical integration will greatly enhance both the production capacity as well as the key material quality, which in turn will improve its competitiveness in the capacitor market.

The thin film capacitor business segment registered an increase in sales while operating at a deficit. The below-expectation results were mainly due to the underperformance of a newly joint venture targeting at the automotive segment and a recently acquired subsidiary in Suzhou engaged in manufacturing small sized thin film capacitors. Management restructuring was undertaken with an aim to realize the business potential of thin film capacitors. Meanwhile, it will continue to maintain its efforts in research and development in areas such as renewable energy, power grid, electric vehicles, elevators and inverters.

Supercapacitors business segment experienced remarkable revenue growth during the period. This is due to successful penetration into the key markets such as wind power, smart meters, power grids and rail transit. Meanwhile, new application development in energy storage, elevators, power tools, port machinery and new energy vehicles were progressing positively. Moving forward, the enlarged production capacity of the new plant completed in the first half of 2020 has laid a solid platform for Nantong Jianghai to achieve new breakthroughs in the foreseeable future.

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

The share of profit in Kunshan Technology, which is mainly engaged in the sales and manufacture of Organic Light Emitting Diode (“OLED”), amounted to HK$18 million as compared to HK$25 million in last year. Under the escalating pressure of the trade disputes between China and United States, the sales of OLED dwindled in the second half of the year and the wearables market was mostly affected. Thanks to the adoption of diversification strategy in marketing, the market coverage is well spread into the white-goods market, industrial instrument, medical equipment which, to certain extent, has mitigated the adverse impact. The business momentum was further setback by the outbreak of Covid-19 in early 2020. Meanwhile, Kunshan Technology gripped on the high growth opportunities in the medical equipment segment and the e-paper market to boost sales. On the other hand, cost savings measures were implemented to maintain the profitability.

In the previous year, Faith Crown International Limited (“Faith Crown”) and Crown Capital Holdings Limited (“Crown Capital”), both subsidiaries of the Company and equity owners of Kunshan Technology, made an aggregate provision of HK$65 million as a discretionary bonus to be awarded to the management of Kunshan Technology for their contribution of good performance and the continual support in future. However, after various consultation including lawyers during the current year, we were informed that there was no valid way under the existing regulations of the People’s Republic of China to remit money into Mainland China for the payment of bonus. Management of Kunshan Technology understood the difficulties that we encountered and they had agreed not to receive the bonus. Accordingly, the whole amount of the said bonus was reversed and credited to the statement of profit and loss during the year.

During the year, Kunshan Technology declared a dividend to its equity owners. In order to maintain a good relationship with the major equity owner of Kunshan Technology and to facilitate a capital restructuring plan of Kunshan Technology, both Faith Crown and Crown Capital have agreed to waive their entitlement to such dividend of an aggregate amount of HK$19 million. The waived dividend was assigned to the major shareholder of Kunshan Technology. The Company believed that the waiver would be beneficial to the long-term development Kunshan Technology.

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

Zaozhuang Visionox, a 40%-owned associate of the Group situated in the Shandong Province, is mainly engaged in the manufacture and sales of flexible printed circuits (“FPC”) and OLED related materials. In the year under review, the Group’s share of loss amounted to HK$208,000, as compared to a share of profit of HK$8 million of last year. This is mainly due to the drop in subcontracting business and government grant. The construction of the new FPC factory was completed and sample testing and trial production would be launched in the second half of 2020.

INCOME TAX

Effective tax rate in relation to the Group’s core business (income tax expenses excluding the portion related to gain on disposal of an associate and withholding tax on undistributed profits in associates as a percentage of profit before income tax excluding results relevant to associates (comprising the share of results of associates, gain on disposal of an associate, other income/expense relevant to associates)) was 228% (2019: 26%). The increase was mainly due to the losses incurred by certain subsidiaries (in which no deferred tax assets have been recognized) and exchange losses incurred which are not deductible for tax purposes during the year.

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, amidst the outbreak of Covid-19 as well as the continuous tension between China and United States. 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.

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, 2020 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 2020.

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 taken great care to ensure that they shared the Group's commitment to quality and ethics. The Group also carefully selects its suppliers and requires them to satisfy certain assessment criteria including track records, experience, financial strength, reputation, ability to produce high-quality products and 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 believes that the above objectives will help enhancing the value of the Company for its shareholders.

PROSPECTS

Looking forward, the Group endeavors to tackle the economic headwinds brought about by escalating tensions between China and United States as well as the Covid-19 pandemic. The Group will strive to increase its market share in the high-end market segment with dynamic pricing strategies and enhancement of our product development capabilities. Buttressed by our strong financial position we plan to expand and upgrade our TFT and TFT-CTP modules production facilities to meet the mounting quality product demand in the market. On the other hand, we expect Nantong Jianghai and Kunshan Technology will continue to augment the Group's profitability.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2020, the Group's current ratio was 2.3 (2019: 2.1). The gearing ratio, as a ratio of bank borrowings to net worth, was 0.2% (2019: nil).

As at 31st March, 2020, the Group had total assets of approximately HK$2,131 million, which were financed by liabilities of HK$293 million and total equity of HK$1,838 million.

As at 31st March, 2020, the Group's banking facilities amounted to approximately HK$163 million (2019: HK$163 million) of which approximately HK$4 million (2019: HK$0.2 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

The Group did not have any significant contingent liabilities and there were no significant charges or pledges on any of the Group's assets as at 31st March, 2020.

EMPLOYMENT AND REMUNERATION POLICY

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

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

MAJOR CUSTOMERS AND SUPPLIERS

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

	2020	2019
Percentage of purchases from the Group's largest supplier	**6%**	6%
Percentage of purchases from the Group's five largest suppliers	**19%**	21%
Percentage of turnover to the Group's largest customer	**3%**	4%
Percentage of turnover to the Group's five largest customers	**12%**	15%

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, 2020, to the best knowledge of the Directors, none of the Directors or any Shareholders holding more than 5% of the Group's share capital and their respective associates had any beneficial interest in the Group's five largest customers and/or five largest suppliers.

DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK5 cents cents (2019: HK5 cents) per share for the year ended 31st March, 2020 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 Thursday, 8th October, 2020 to Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 21st September, 2020.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Thursday, 10th September, 2020 ("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, 7th September, 2020 to Thursday, 10th September, 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 4th September, 2020.

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 Thursday, 17th September, 2020 to Monday, 21st September, 2020, 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 Wednesday, 16th September, 2020.

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, 2020, 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. Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, both 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 year ended 31st March, 2020.

BOARD OF DIRECTORS

The Board comprises:

Executive Directors

Mr. Fang Hung, Kenneth, GBS, JP *(Chairman)*
Mr. Li Kwok Wai, Frankie *(Chief Executive Officer)*
Mr. Leung Tze Kuen

Non-executive Director

Mr. Fang Yan Tak, Douglas

Independent Non-executive Directors

Mr. Tien Pei Chun, James, GBS, JP (retired on 24th September, 2019)
Mr. Chu Chi Wai, Allan
Mr. Lau Yuen Sun, Adrian
Mr. Chen Shuang, JP (appointed on 24th September, 2019)

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 pages 3 and 4 of this Annual Report.

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

Name of Directors	Number of Meetings Attended/ Entitled to Attend
Mr. Fang Hung, Kenneth	5/5
Mr. Li Kwok Wai, Frankie	5/5
Mr. Leung Tze Kuen	5/5
Mr. Fang Yan Tak, Douglas	5/5
Mr. Tien Pei Chun, James	1/2
Mr. Chu Chi Wai, Allan	5/5
Mr. Lau Yuen Sun, Adrian	5/5
Mr. Chen Shuang	2/2

Apart from the regular Board meetings, the Chairman also held a meeting with 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 of meetings and ensures that all relevant rules and regulations are followed. The agenda and the accompanying board papers are sent to all Directors at least 3 days before the date of every board meeting so that the Directors have the time to review the documents.

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

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group. In addition to its overall supervisory role, the Board also retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving policies relating to the Board's compliance, etc whilst managing the Group's business is the responsibility of the management of the Group (the "Management").

When the Board delegates aspects of its management and administration functions to the Management, it has given clear directions, in particular, with respect to the circumstances where the Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitment on behalf of the Company.

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

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

Nomination of Directors

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

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

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

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

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

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

Appointment and Re-election of Directors

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. Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, both 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.

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

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. Until 24th September, 2019, the Committee comprises Mr. Tien Pei Chun, James, Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, all Independent Non-executive Directors, and Mr. Tien Pei Chun, James was appointed as Chairman. Upon the retirement of Mr. Tien Pei Chun, James as Director on 24th September, 2019, Mr. Chu Chi Wai, Allan was appointed as Chairman of the Nomination Committee and Mr. Li Kwok Wai, Frankie, Executive Director and Chief Executive Officer, was appointed as an additional member of the Committee. The terms of reference stipulating the authority and duties of the Nomination Committee conform to the provisions of the Code and are posted on the websites of the Stock Exchange and the Company.

The Nomination Committee shall meet at least once a year. One meeting was held during the year ended 31st March, 2020. All the then Committee members attended the meeting.

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

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

2. To identify individuals who are suitably qualified to become Directors.

3. To assess the independence of the Independent Non-executive Directors.

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

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

Remuneration Committee

The Remuneration Committee was established on 27th May, 2005. The Committee comprises Mr. 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:

Name of Directors	Number of Meetings Attended/ Entitled to Attend
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.

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, 2020 are as follows:

	Number of employees
Below HK$1,000,000	9
HK$1,000,001 to HK$1,500,000	4
HK$2,500,000 to HK$3,000,000	1
Total:	14

Details of the remuneration of each Director for the year ended 31st March, 2020 are set out in note 12 to the financial statements.

Audit Committee

The Audit Committee of the Company comprises Mr. Tien Pei Chun, James (until his retirement as Director on 24th September, 2019), Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, 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:

Name of Directors	Number of Meetings Attended/ Entitled to Attend
Mr. Lau Yuen Sun, Adrian	2/2
Mr. Chu Chi Wai, Allan	2/2
Mr. Tien Pei Chun, James	1/1
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, 2019 and for the six months ended 30th September, 2019;

(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, 2020.

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

1. To consider the appointment of the external auditors, the audit fees, and any questions of resignation or dismissal of the external auditors of the Group.

2. To discuss with the external auditors the nature and scope of the audit.

3. To review the interim and annual financial statements before submission to the Board.

4. To discuss problems and reservations arising from the interim review and final audit, and any matters the auditors may wish to discuss.

5. To review the external auditors' management letters and management's response.

6. To review the Company's systems of financial controls, internal controls and risk management to ensure that they are appropriate and functioning properly.

AUDITORS' REMUNERATION

During the year under review, the remuneration paid or payable to the Company's auditor, Messrs Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	**Fees paid and payable** *HK$*
Audit services	2,550,000
Non audit services	1,031,000
	3,581,000

Internal Controls and Risk Management

The Board is responsible for maintaining an adequate internal control and risk management system to safeguard shareholders' investments and the Group's assets, and reviewing the effectiveness of this annually through the audit committee. The Audit Committee reports to the Board on any material issues and makes recommendations to the Board. Procedures have been put in place to safeguard the Group's assets against unauthorised use or disposal, to ensure proper accounting records are kept so that reliable financial information can be provided when required, and to ensure compliance with all applicable laws and regulations. These procedures have been based on industry norms and are designed to provide reasonable assurance and protection against errors, losses and fraud.

The Company together with its associated companies have established a joint internal audit department whose job is to conduct regular internal audits of the Group and the 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, 2020, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis. The statement of the external auditor about its reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report on pages 34 to 39 of this Annual Report.

DIVIDEND POLICY

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

COMMUNICATION WITH SHAREHOLDERS

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

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. All the then Directors attended the Company's 2019 annual general meeting and were available to answer shareholders' questions.

At the Company's 2019 annual general meeting, all votings were conducted by poll in accordance with the requirements of the Listing Rules.

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

A Shareholders Communication Policy has been posted on the Company's website (www.yeebo.com.hk).

Where shareholders have any enquiry and/or proposals putting forward at shareholders' meeting, they may send them by mail to the Company Secretary at the Company's Head Office or via email to ir@yeebo.com.hk.

MEMORANDUM OF ASSOCIATION AND BYE-LAWS

During the year ended 31 March 2020, the Company has not made any amendment to its memorandum of association and bye-laws.

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

COMPANY SECRETARY

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

During the year ended 31st March, 2020, Mr Lau has taken no less than 15 hours of relevant professional training to update his skills and knowledge.

The directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 40 and 19, respectively, to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business and the analysis of the Group's performance for the year ended 31st March, 2020 as well as outlook/prospects of the Group's business are provided in the sections "Chairman's Statement" on pages 7 and 8 and "Management Discussion and Analysis" on pages 9 to 15 of this Annual Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 40.

The directors now recommend the payment of a final dividend of HK5 cents per ordinary share to the shareholders on the register of members on Monday, 21st September, 2020, amounting to approximately HK$49,982,000, 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, 10th September, 2020.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$28,587,000. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

There have been no movements in the share capital of the Company during the year ended 31st March, 2020.

RESERVES

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity on pages 44 and 45.

The Company's reserve available for distribution to shareholders as at 31st March, 2020 were as follows:

	2020	2019
	HK$'000	*HK$'000*
Contributed surplus	**49,259**	49,259
Retained profits	**98,788**	165,455
	148,047	214,714

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 (retired on 24th September, 2019)
Mr. Chu Chi Wai, Allan
Mr. Lau Yuen Sun, Adrian
Mr. Chen Shuang (appointed on 24th September, 2019)

In accordance with Clause 86 and 87 of the Company's Bye-Laws, Mr. Fang Hung, Kenneth, Mr. Li Kwok Wai, Frankie, Mr. Lau Yuen Sun, Adrian and Mr. Chen Shuang will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election at such meeting.

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

Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, both 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 6 of this Annual Report.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 31st March, 2020, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in the shares of the Company

	Number of shares and nature of interests			
	Personal interests	Through controlled corporations	Total	Percentage of company's issued capital
Mr. Fang Hung, Kenneth	20,130,000	–	20,130,000	2.01%
Mr. Li Kwok Wai, Frankie *(Note(i))*	144,402,381	570,000,000	714,402,381	71.47%
Mr. Leung Tze Kuen *(Note(ii))*	2,460,000	–	2,460,000	0.25%

Notes:

(i) As at 31st March, 2020, Antrix Investment Limited held 570,000,000 shares of the Company. Mr Li Kwok Wai, Frankie beneficially owned 41.70%, of the issued share capital of Antrix Investment Limited.

(ii) The 2,460,000 shares represent shares which were granted under the share award scheme of the Company. They are subject to the satisfactory fulfilment of vesting conditions and 64,000 shares were vested.

Save as disclosed above, as at 31st March, 2020, none of the directors, the chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31st March, 2020, none of the directors of the Company or any of Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

REMUNERATION FOR DIRECTORS

In compliance with the Code as set out in Appendix 14 to the Listing Rules, the Company has established a remuneration committee to formulate remuneration policies. Directors' remuneration are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties and responsibilities, the recommendations of the remuneration committee and the performance and results of the Group. Details of the remuneration of the directors are set out in Note 12 to the consolidated financial statements.

CHANGES IN INFORMATION OF DIRECTORS

Subsequent to publication of the Company's 2019/20 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. Lau Yuen Sun, Adrian resigned as an independent non-executive director of Loco Hong Kong Holdings Limited, a company listed on the GEM of the The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 8162), with effect from 6th May, 2020.

– Mr. Chan Shuang resigned as the Chairman and a non-executive director of Kineny Corporation Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 3302), with effect from 18th November, 2019.

RELATED PARTY TRANSACTIONS

Details of related party transactions undertaken in the normal course of business of the Group are set out in Note 38 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed.

The Company has complied with disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31st March, 2020.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2020, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long position in the shares of the Company

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

Note:

As at 31st March, 2020, 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, 2020, 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, 2020.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 16 to 26 of this Annual Report.

The Company had adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of the directors 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, 2020.

AUDIT COMMITTEE

The Audit Committee comprises two of the three independent non-executive Directors, namely 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, 2020.

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
26th June, 2020

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 40 to 137, which comprise the consolidated statement of financial position as at 31st March, 2020, 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, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables	
We identified valuation of trade receivables as a key audit matter due to the involvement of management's estimates in evaluating the allowance of credit losses of the Group's trade receivables at the end of the reporting period. As at 31st March, 2020, the Group's carrying amount of trade receivables is HK$123,625,000 (net of allowance for credit losses of HK$12,259,000) and out of these trade receivables of HK$44,382,000 were past due. As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime expected credit losses ("ECL") of trade receivables based on individual assessment for those debtors with credit-impaired and/or provision matrix through grouping of various debtors that have similar loss patterns, after considering ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. As disclosed in note 32 to the consolidated financial statements, the Group recognised an additional amount of HK$788,000 of impairment of trade receivables for the year end 31st March, 2020.	Our procedures in relation to impairment assessment of trade receivables included: • Understanding the key process on how the management of the Group estimates the allowance of credit losses of trade receivables; • Testing the accuracy of aging category of trade receivables aging analysis as at 31st March, 2020 to develop the provision matrix, on a sample basis, by comparing individual items in the aging analysis with the relevant supporting documents including sales invoices and delivery documents; • Challenging management's basis in determining credit loss allowance on trade receivables as at 31st March, 2020, including their basis of identification of credit-impaired trade receivables, the reasonableness of management's grouping of the trade debtors into different credit risk categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information); and • Testing subsequent settlements of trade receivables, on a sample basis, by inspecting supporting documents in relation to cash receipt from trade debtors subsequent to the end of the current reporting period.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of inventories	
We identified the valuation of inventories as a key audit matter due to the use of estimates by the management of the Group 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 estimates to identify obsolete or slow-moving inventories and determine the allowance for inventories at the end of the reporting period. The management of the Group reviews the usability and saleability of inventories taking into account the nature of inventories, prevailing market conditions, ageing categories and subsequent usages/sales. Where the inventories are determined to be obsolete or slow-moving inventories, the management of the Group determines the allowance for inventories primarily based on net realisable value. During the year, the Group recognised allowance for inventories, net of reversal, amounting to HK$2,893,000. As at 31st March, 2020, the carrying amount of inventories is HK$111,450,000 (net of allowance for inventories of HK$51,912,000).	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 to identify inventories, on a sample basis, that may be required to be included in the assessment of the allowance for inventories; • Testing the accuracy of the inventory ageing report used as a basis to calculate the allowance for inventories; • Testing the net realisable values of inventories against the carrying amounts by reference to latest selling prices in recent sales or the market prices, on a sample basis; and • Discussing with the management of the Group the assumptions and estimation made in assessing net realisable values and evaluating the reasonableness of management's assessment of usability and saleability of inventories.

OTHER INFORMATION

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

26th June, 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31st March, 2020

	NOTES	2020 HK$'000	2019 HK$'000
Revenue	5	**813,153**	934,152
Cost of sales		**(707,383)**	(790,232)
Gross profit		**105,770**	143,920
Other income	7	**11,904**	12,121
Other gains and losses	8	**(16,069)**	2,948
Selling and distribution expenses		**(72,207)**	(71,776)
Administrative expenses		**(27,695)**	(28,801)
Finance costs	9	**(459)**	(1,237)
		1,244	57,175
Items that are relevant to associates:			
Share of results of associates	19	**98,308**	123,788
Gain on disposal of an associate	19	**–**	244,398
Other income (expense) related to an associate	19	**46,637**	(65,367)
		144,945	302,819
Profit before income tax		**146,189**	359,994
Income tax expense	10	**(8,647)**	(37,578)
Profit for the year	11	**137,542**	322,416
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive income of an associate, net of related income tax	19	**4,391**	(8,206)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations:			
Subsidiaries		**3,522**	8,272
Associates		**(89,662)**	(107,190)
Release of translation reserve upon disposal of an associate		**–**	(6,927)
Total comprehensive income for the year		**55,793**	208,365
Profit for the year attributable to:			
Owners of the Company		**123,822**	288,747
Non-controlling interests		**13,720**	33,669
		137,542	322,416

For the Year ended 31st March, 2020

	NOTES	2020 HK$'000	2019 HK$'000
Total comprehensive income attributable to:			
Owners of the Company		**43,549**	176,736
Non-controlling interests		**12,244**	31,629
		55,793	208,365
		HK cents	*HK cents*
Earnings per share – basic	*15*	**12.5**	28.9
– diluted	*15*	**12.5**	28.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2020

	NOTES	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	16	**219,936**	246,947
Right-of-use assets	17	**9,164**	–
Investment properties	18	**1,378**	1,579
Prepayment for acquisition of property, plant and equipment		**14,412**	2,510
Interests in associates	19	**1,364,423**	1,403,259
Financial assets at fair value through profit or loss ("FVTPL")	20	**2,739**	2,739
Intangible assets	21	**1,459**	1,459
		1,613,511	1,658,493
Current assets			
Inventories	22	**111,450**	147,478
Trade and other receivables	23	**170,129**	200,691
Amounts due from associates	19	**31**	51
Financial assets at FVTPL	20	**5,662**	1,962
Bank balances and cash	24	**230,626**	318,123
		517,898	668,305
Current liabilities			
Trade and other payables	25	**203,318**	290,386
Contract liabilities	26	**7,487**	13,411
Tax payable		**10,071**	20,907
Bank borrowings	27	**4,022**	–
Lease liabilities	28	**3,928**	–
		228,826	324,704
Net current assets		**289,072**	343,601
Total assets less current liabilities		**1,902,583**	2,002,094

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2020

	NOTES	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Deferred tax liabilities	*29*	**58,801**	57,828
Lease liabilities	*28*	**5,598**	–
		64,399	57,828
		1,838,184	1,944,266
Capital and reserves			
Share capital	*30*	**199,928**	199,928
Reserves		**1,605,532**	1,720,673
Equity attributable to owners of the Company		**1,805,460**	1,920,601
Non-controlling interests		**32,724**	23,665
Total equity		**1,838,184**	1,944,266

The consolidated financial statements on pages 40 to 137 were approved and authorised for issue by the Board of Directors on 26th June, 2020 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, 2020

	Attributable to owners of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *(note i)* *HK$'000*	Capital redemption reserve *HK$'000*	Translation reserve *HK$'000*	Share award reserve *HK$'000*	Shares held for share award scheme *HK$'000*	Other reserve *(note ii)* *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1st April, 2018	199,928	110,750	2,125	10,132	127,270	6,655	(15,441)	4,702	1,348,427	1,794,548	34,139	1,828,687
Profit for the year	–	–	–	–	–	–	–	–	288,747	288,747	33,669	322,416
Other comprehensive expense for the year												
Share of other comprehensive income of an associate, net of related income tax	–	–	–	–	–	–	–	(8,206)	–	(8,206)	–	(8,206)
Exchange differences arising on the translation of foreign operations	–	–	–	–	(96,878)	–	–	–	–	(96,878)	(2,040)	(98,918)
Release of translation reserve upon disposal of an associate	–	–	–	–	(6,927)	–	–	–	–	(6,927)	–	(6,927)
Total comprehensive (expense) income for the year	–	–	–	–	(103,805)	–	–	(8,206)	288,747	176,736	31,629	208,365
Shares purchased for share award scheme	–	–	–	–	–	–	(4,730)	–	–	(4,730)	–	(4,730)
Recognition of equity-settled share-based payment expenses under share award scheme *(note 35)*	–	–	–	–	–	4,029	–	–	–	4,029	–	4,029
Shares vested under share award scheme *(note 35)*	–	–	–	–	–	(4,163)	4,261	–	(98)	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(42,103)	(42,103)
Dividends recognised as a distribution *(note 14)*	–	–	–	–	–	–	–	–	(49,982)	(49,982)	–	(49,982)
At 31st March, 2019	199,928	110,750	2,125	10,132	23,465	6,521	(15,910)	(3,504)	1,587,094	1,920,601	23,665	1,944,266
Profit for the year	–	–	–	–	–	–	–	–	123,822	123,822	13,720	137,542
Other comprehensive expense for the year												
Share of other comprehensive income of an associate, net of related income tax	–	–	–	–	–	–	–	4,391	–	4,391	–	4,391

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2020

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserve *(note i)*	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for share award scheme	Other reserve *(note ii)*	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Exchange differences arising on the translation of foreign operations	–	–	–	–	(84,664)	–	–	–	–	(84,664)	(1,476)	(86,140)
Total comprehensive (expense) income for the year	–	–	–	–	(84,664)	–	–	4,391	123,822	43,549	12,244	55,793
Shares purchased for share award scheme	–	–	–	–	–	–	(6,484)	–	–	(6,484)	–	(6,484)
Recognition of equity-settled share-based payment expenses under share award scheme *(note 35)*	–	–	–	–	–	4,211	–	–	–	4,211	–	4,211
Shares vested under share award scheme *(note 35)*	–	–	–	–	–	(1,647)	(56)	–	1,703	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(3,148)	(3,148)
Dividends recognised as a distribution *(note 14)*	–	–	–	–	–	–	–	–	(146,671)	(146,671)	–	(146,671)
Release of non-controlling interests upon disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(37)	(37)
Share of other equity movement in interest in an associate	–	–	–	–	–	–	–	(9,746)	–	(9,746)	–	(9,746)
At 31st March, 2020	199,928	110,750	2,125	10,132	(61,199)	9,085	(22,450)	(8,859)	1,565,948	1,805,460	32,724	1,838,184

Notes:

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

(ii) The other reserve of the Group represents: (a) the share of fair value change on financial assets at fair value through other comprehensive income from an associate and (b) other equity transactions of an associate, including the premium paid for additional interests in subsidiaries acquired by the associate.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2020

	2020 *HK$'000*	2019 *HK$'000*
Operating activities		
Profit before income tax	**146,189**	359,994
Adjustments for:		
Share of results of associates	**(98,308)**	(123,788)
Waiver of dividend from an associate	**18,730**	–
Finance costs	**459**	1,237
Interest income	**(2,493)**	(1,138)
Depreciation of property, plant and equipment	**45,739**	51,532
Depreciation of right-of-use assets	**3,987**	–
Depreciation of investment properties	**201**	116
Recognition of equity-settled share-based payment expenses under share award scheme	**4,211**	4,029
Net loss on disposal and written off of property, plant and equipment	**4,798**	3,247
Gain on disposal of a subsidiary	**(32)**	–
Gain on disposal of an associate	**–**	(244,398)
Allowance for credit losses on trade receivables, net	**788**	1,246
Loss (gain) on fair value changes of financial assets at FVTPL	**60**	(3)
Allowance for inventories, net of reversal	**2,893**	15,133
Operating cash flows before movements in working capital	**127,222**	67,207
Decrease in inventories	**33,529**	8,160
Decrease in trade and other receivables	**38,356**	46,228
(Increase) decrease in financial assets at FVTPL	**(4,052)**	51,126
Decrease in trade and other payables	**(78,784)**	(24,933)
(Decrease) increase in contract liabilities	**(5,814)**	3,461
Cash generated from operations	**110,457**	151,249
Income tax paid	**(13,693)**	(37,937)
Net cash from operating activities	**96,764**	113,312

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2020

	2020	2019
	HK$'000	*HK$'000*
Investing activities		
Advance to a company owned by the management of an unlisted associate	**(33,872)**	–
Repayment from a company owned by the management of an unlisted associate	**33,872**	–
Prepayment for acquisition of plant and equipment	**(14,412)**	(2,005)
Purchase of property, plant and equipment	**(26,795)**	(51,062)
Purchase of investment properties	**–**	(685)
Withdrawal of pledged bank deposits	**–**	20,814
Dividend received from associates, net of withholding tax	**22,446**	95,330
Repayment from associates	**20**	39
Proceeds from disposals of property, plant and equipment	**428**	1,695
Proceeds on disposal of financial asset at FVTPL	**54**	–
Proceeds on disposal of a subsidiary	**96**	–
Proceeds on disposal of an associate	**–**	251,069
Interest received	**2,493**	1,138
Net cash (used in) from investing activities	**(15,670)**	316,333
Financing activities		
Dividends paid	**(146,671)**	(49,982)
Dividend paid to non-controlling interests	**(2,235)**	(42,103)
Repayment of lease liabilities	**(3,625)**	–
Repayment of bank loans	**–**	(127,742)
Payment for purchase of shares for share award scheme	**(6,484)**	(4,730)
Interest paid	**(459)**	(1,237)
New bank borrowings raised	**4,087**	70,692
Net cash used in financing activities	**(155,387)**	(155,102)
Net (decrease) increase in cash and cash equivalents	**(74,293)**	274,543
Effect of changes in foreign exchange rates	**(13,204)**	2,319
Cash and cash equivalents at beginning of the year	**318,123**	41,261
Cash and cash equivalents at end of the year	**230,626**	318,123

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 "Corporate Information" section in 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")

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and IFRIC – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st April, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectivity with the cumulative effect recognised at the date of application, initial application 1st April, 2019.

As at 1st April, 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference, if any, at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 16 "Leases" (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.09%.

	At 1st April, 2019 *HK$'000*
Operating lease commitments disclosed as at 31st March, 2019 *(note 34)*	10,875
Lease liabilities discounted at relevant incremental borrowings rates	10,233
Less: Practical expedient – leases with lease term ends within 12 months from the date of initial application	(536)
Lease liabilities as at 1st April, 2019	9,697
Lease liabilities analysed as	
Current	2,915
Non-current	6,782
	9,697
Right-of-use assets as at 1st April, 2019 relating to operating leases recognised upon application of HKFRS 16	
– rented premises	8,485
– motor vehicles	1,212
	9,697

Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. No adjustment is made on refundable rental deposits paid and right-of-use assets as the management of the Group considers the impact is not material.

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 16 "Leases" (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1st April, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31st March, 2019	Adjustments	Carrying amounts under HKFRS 16 at 1st April, 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Right-of-use assets	–	9,697	9,697
Current liabilities			
Lease liabilities	–	(2,915)	(2,915)
Non-current liabilities			
Lease liabilities	–	(6,782)	(6,782)

Note: For the purpose of reporting cash flows from operating activities for the year ended 31st March, 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1st April, 2019 as disclosed above.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated. The impact to the Group as a lessor as at 31st March, 2020 is insignificant.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such refundable rental deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The impact of this on the Group is insignificant.

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[5]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1st January, 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1st January, 2020
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, 2020
5 Effective for annual periods beginning on or after 1st June, 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, "the Amendments to References to the Conceptual Framework in HKFRS Standards", will be effective for annual periods beginning on or after 1st January, 2020.

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

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

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

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1st April, 2020. The application of the amendments is not expected to have significant impact on the financial positions and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Amendments to HKFRS 3 "Definition of a Business"

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The Group will apply the amendments prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the annual reporting period beginning on or after 1st April, 2020.

The application of the amendments is not expected to have significant impact on the financial positions and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

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

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

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual periods beginning on or after 1st April, 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

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 at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1st April, 2019) or HKAS 17 (before the application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

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

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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 in line with the Group's accounting policies.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combination

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);

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combination (Continued)

- 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; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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 are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates (Continued)

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

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "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 is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates (Continued)

When the associates changes in the interests in its subsidiaries that do not result in the associates losing control over the subsidiaries, it is accounted for as equity transactions. The Group's proportion share on the premium paid for additional interests in the associate's subsidiaries acquired by the associate are recognised in the Group's other reserve in the consolidated statement of changes in equity.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

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

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

As a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

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

Short-term leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Refundable rental deposits

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

Lease liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Lease liabilities (Continued)

The lease payments include:

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

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

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

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

Lease modifications

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Lease modifications (Continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessee (prior to 1st April, 2019)

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.

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.

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.

The Group as a lessor

Classification and measurement of leases

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

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

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Refundable rental deposits

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

Lease modification

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

Foreign currencies

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

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

Equity-settled share-based payment transactions

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all-non market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share award reserve).

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 based on assessment of all relevant non-market vesting conditions. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to the share award reserve.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Effective 1st April, 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from 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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. 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.

Property, plant and equipment

Property, plant and equipment are tangible assets 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.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” (upon application of HKFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Ownership interests in leasehold land and building (Continued)

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, using the straight-line method.

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

Intangible assets

Intangible assets acquired separately

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

Research and development expenditure

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

Derecognition of intangible assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets 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 relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") or designated as FVTOCI are measured at FVTPL.

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

Impairment of financial assets

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

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

The Group always recognises lifetime ECL for trade receivables. The Group estimates the amount of lifetime ECL of trade receivables based on individual assessment for those debtors with credit-impaired and/or provision matrix through grouping of various debtors that have similar loss patterns, after considering ageing, repayment history and/or past due status of respective trade receivables.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

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

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status; and
- Nature, size and industry of debtors.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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 recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

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

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

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

Deferred tax on investments in associates

For the purposes of measuring deferred tax liabilities on investments in associates, the management of the Group considered the tax consequences associated with the expected manner of recovery of the carrying amount of the investment. Different tax rates are applied for measuring the temporary difference between the carrying amount and tax base of investment in associates for the recovery of investment through receiving dividend income or selling the investment. The directors of the Company assessed that the temporary difference is to be recovered through dividend income and/or through sale, and accordingly, deferred tax liabilities of HK$58,925,000 (2019: HK$57,952,000) was recognised by applying different tax rates in accordance with the expected manner of recovery.

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

Key sources of estimation uncertainty

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

Allowance for credit losses of trade receivables

The Group estimates the amount of lifetime ECL of trade receivables based on individual assessment for those debtors with credit-impaired and/or provision matrix through grouping of various debtors that have similar loss patterns, after considering ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

As at 31st March, 2020, the Group's carrying amount of trade receivables is HK$123,625,000 (net of allowance for credit losses of HK$12,259,000) (2019: HK$148,703,000 (net of allowance for credit losses of HK$11,402,000)) and out of these trade receivables of HK$44,382,000 (2019: HK$44,278,000) were past due.

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

Allowance for inventories

The Group manufactures and sells LCDs and LCMs 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 LCDs and LCMs products of the Group may decrease which imposes pressures on the net realisable values of inventories. The management of the Group is required to exercise judgement and estimates to identify obsolete or slow-moving inventories and determine the allowance for inventories at the end of the reporting period. The management of the Group reviews the usability and saleability of inventories taking into account the nature of inventories, prevailing market conditions, ageing categories and subsequent usages/sales. Where the inventories are determined to be obsolete or slow-moving inventories, the management of the Group determines the allowance for inventories primarily based on latest selling 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$2,893,000 (2019: HK$15,133,000). As at 31st March, 2020, the carrying amount of inventories is HK$111,450,000 (net of allowance for inventories of HK$51,912,000) (2019: HK$147,478,000 (net of allowance for inventories of HK$48,916,000)).

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

The Group's revenue represents income from manufacture and sales of LCDs, LCMs LCD-related products that are widely used in electronic consumer products and LCD-related optical products.

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

(ii) Performance obligations for contracts with customers

Revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been delivered according to the specific shipping terms. Following the delivery, the customer has full discretion over the usage of the goods, has the primary responsibility when on utilising the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 120 days upon delivery.

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

Customers have a right to exchange for products within 60 days. As sales return is rare and not significant to the Group, the Group reverses the revenue when sales return is successfully logged by the customers.

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

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

6. SEGMENT INFORMATION

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 was under development stage and revenue of HK$111,000 (2019: HK$517,000) was generated for the year ended 31st March, 2020.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

6. SEGMENT INFORMATION (CONTINUED)

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

For the year ended 31st March, 2020

	LCDs	LCMs	LCD-related products	LCD-related optical products	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue							
External sales	172,342	543,030	97,670	111	813,153	–	813,153
Inter-segment sales	78,212	23,977	–	–	102,189	(102,189)	–
Total	250,554	567,007	97,670	111	915,342	(102,189)	813,153
Segment (loss) profit	(16,631)	30,625	234	(191)	14,037		14,037
Interest income							2,493
Loss on fair value changes of financial assets at FVTPL							(60)
Unallocated administrative expenses							(3,556)
Net exchange loss							(11,211)
Finance costs							(459)
Share of results of associates							98,308
Other income related to an associate							46,637
Profit before income tax							146,189

6. SEGMENT INFORMATION (CONTINUED)

For the year ended 31st March, 2019

	LCDs	LCMs	LCD-related products	LCD-related optical products	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue							
External sales	253,032	600,910	79,693	517	934,152	–	934,152
Inter-segment sales	95,381	35,180	–	–	130,561	(130,561)	–
Total	348,413	636,090	79,693	517	1,064,713	(130,561)	934,152
Segment profit (loss)	12,466	45,534	(1,555)	(1,343)	55,102		55,102
Interest income							1,138
Gain on fair value changes of financial assets at FVTPL							3
Unallocated administrative expenses							(4,023)
Net exchange gain							6,192
Finance costs							(1,237)
Share of results of associates							123,788
Gain on disposal of an associate							244,398
Other expense related to an associate							(65,367)
Profit before income tax							359,994

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 expenses directly attributable to each segment without allocation of interest income, gain (loss) on fair value changes of financial assets at FVTPL, unallocated administrative expenses, net exchange differences, finance costs, share of results of associates, gain on disposal of an associate and other income (expense) related to 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.

6. SEGMENT INFORMATION (CONTINUED)

Other segment information

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

For the year ended 31st March, 2020

	LCDs *HK$'000*	LCMs *HK$'000*	LCD-related products *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	**25,501**	**13,451**	**6,586**	**45,538**	**201**	**45,739**
Depreciation of right-of-use assets	**782**	**866**	**2,339**	**3,987**	**–**	**3,987**
Depreciation of investment properties	**–**	**–**	**–**	**–**	**201**	**201**
Net loss on disposal and written off of property, plant and equipment	**4,798**	**–**	**–**	**4,798**	**–**	**4,798**
Allowance on credit losses on trade receivables, net	**215**	**447**	**126**	**788**	**–**	**788**
Allowance for inventories, net of reversal	**284**	**(1,120)**	**3,729**	**2,893**	**–**	**2,893**

For the year ended 31st March, 2019

	LCDs *HK$'000*	LCMs *HK$'000*	LCD-related products *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	32,879	13,193	5,344	51,416	116	51,532
Depreciation of investment properties	–	–	–	–	116	116
Loss on disposal of property, plant and equipment	1,623	1,624	–	3,247	–	3,247
Allowance on credit losses on trade receivables, net	452	794	–	1,246	–	1,246
Allowance for inventories, net of reversal	(502)	12,954	2,681	15,133	–	15,133

Segment assets and liabilities

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

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group operates in two principal geographical areas, including Hong Kong and Mainland China.

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	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**85,168**	81,537	**11,361**	13,162
Mainland China	**139,337**	162,232	**1,594,012**	1,642,462
Japan	**133,645**	172,349	**–**	–
United States	**78,266**	105,008	**–**	–
Taiwan	**30,494**	34,441	**–**	–
Germany	**93,520**	88,678	**–**	–
Spain	**46,509**	40,289	**–**	–
Other European countries	**165,258**	174,674	**5,399**	130
Other Asian countries	**32,393**	57,163	**–**	–
Other countries	**8,563**	17,781	**–**	–
	813,153	934,152	**1,610,772**	1,655,754

Note: Non-current assets exclude financial assets at FVTPL.

Information about major customers

No customer has contributed over 10% of the total revenue of the Group for any of the two years reported.

7. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Interest on bank deposits	**2,493**	1,138
Scrap sales	**1,147**	2,366
Tooling income	**2,261**	2,580
Government grant	**923**	1,155
Rental income	**1,107**	722
Others	**3,973**	4,160
	11,904	12,121

8. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
(Loss) gain on fair value changes of financial assets at FVTPL	**(60)**	3
Net loss on disposal and written off of property, plant and equipment *(note)*	**(4,798)**	(3,247)
Net exchange (loss) gain	**(11,211)**	6,192
	(16,069)	2,948

Note:

For the year ended 31st March, 2020, the net loss on disposal and written off of property, plant and equipment includes the written off of property, plant and equipment, net of amount recoverable, due to a fire accident in September 2019.

9. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank borrowings	**–**	1,237
Interest on lease liabilities	**459**	–
	459	1,237

10. INCOME TAX EXPENSE

	2020 HK$'000	2019 HK$'000
The income tax expense comprises:		
Current tax		
Hong Kong	**1,410**	6,530
The People's Republic of China ("PRC"), other than Hong Kong, Macau and Taiwan	**3,928**	36,318
Other jurisdictions	**1,112**	1,474
	6,450	44,322
(Over) underprovision in prior years	**(2,425)**	4
	4,025	44,326
Deferred taxation *(note 29)*		
Charge (credit) for the year	**4,622**	(6,748)
	8,647	37,578

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018, and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying companies will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of companies not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

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.

10. INCOME TAX EXPENSE (CONTINUED)

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 and accordingly, PRC Enterprise Income Tax was provided at 15% for the year ended 31st March, 2020 (2019: N/A).

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:

	2020	2019
	HK$'000	*HK$'000*
Profit before income tax	**146,189**	359,994
Tax at Hong Kong Profits Tax rate of 16.5%	**24,121**	59,399
Tax effect of share of results of associates	**(16,221)**	(20,425)
Tax effect of expenses that are not deductible for tax purposes	**9,987**	14,738
Tax effect of income not taxable for tax purposes	**(11,399)**	(384)
Tax effect of income not taxable for tax purposes from gain on disposal of an associate	**–**	(40,326)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**632**	3,389
(Over) underprovision in prior years	**(2,425)**	4
Tax effect of utilisation of tax losses previously not recognised	**(894)**	(1,101)
Tax effect of tax losses not recognised	**629**	–
Withholding tax for undistributed profits in associates	**5,803**	7,348
Withholding tax for gain on disposal of an associate	**–**	15,084
Income tax at concessionary rate	**(1,411)**	–
Others	**(175)**	(148)
Income tax expense for the year	**8,647**	37,578

11. PROFIT FOR THE YEAR

	2020 HK$'000	2019 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs, including directors' emoluments	**160,621**	186,997
Retirement benefit scheme contributions, including directors	**10,388**	9,877
Share-based payment expenses	**4,211**	4,029
Total staff costs	**175,220**	200,903
Allowance for inventories (included in cost of sales), net of reversal	**2,893**	15,133
Auditor's remuneration	**3,300**	3,240
Cost of inventories recognised as expenses	**707,383**	790,232
Depreciation of property, plant and equipment	**45,739**	51,532
Depreciation of right-of-use assets	**3,987**	–
Depreciation of investment properties	**201**	116
Allowance on credit losses on trade receivables	**788**	1,246
Gain on disposal of a subsidiary	**32**	–
Share of tax of associates	**12,967**	17,794

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

Year ended 31st March, 2020

	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*
Executive Directors *(note iii)*:						
Fang Hung, Kenneth	–	1,440	–	–	–	1,440
Li Kwok Wai, Frankie *(note ii)*	–	4,354	2,000	–	318	6,672
Leung Tze Kuen	–	960	1,000	614	98	2,672
Non-executive Director *(note iii)*:						
Fang Yan Tak, Douglas	300	–	–	–	–	300
Independent non-executive Directors *(note iii)*:						
Tien Pei Chun, James (retired on 24th September, 2019)	150	–	–	–	–	150
Chu Chi Wai, Allan	300	–	–	–	–	300
Lau Yuen Sun, Adrian	300	–	–	–	–	300
Chen Shuang (appointed on 24th September, 2019)	156	–	–	–	–	156
	1,206	6,754	3,000	614	416	11,990

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

Year ended 31st March, 2019

	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*
Executive Directors ***(note iii)*****:**						
Fang Hung, Kenneth	–	1,440	–	–	–	1,440
Li Kwok Wai, Frankie *(note ii)*	–	4,354	363	–	236	4,953
Leung Tze Kuen	–	960	400	405	68	1,833
Non-executive Director ***(note iii)*****:**						
Fang Yan Tak, Douglas	300	–	–	–	–	300
Independent non-executive Directors ***(note iii)*****:**						
Tien Pei Chun, James	300	–	–	–	–	300
Chu Chi Wai, Allan	300	–	–	–	–	300
Lau Yuen Sun, Adrian	300	–	–	–	–	300
	1,200	6,754	763	405	304	9,426

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 and independent non-executive directors were for their services as directors of the Company.

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

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

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2019: two) were directors of the Company whose emoluments are included in note 12 above. The emoluments of the remaining three (2019: three) individuals were as follows:

	2020	2019
	HK$'000	*HK$'000*
Salaries and other benefits	**4,248**	4,258
Performance related incentive payments	**2,467**	2,010
Retirement benefit scheme contributions	**1,192**	422
Share-based payment expenses	**1,392**	657
Total emoluments	**9,299**	7,347

Their emoluments were within the following bands:

	2020	2019
	No. of employees	*No. of employees*
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,500,001 to HK$3,000,000	**2**	1
HK$3,000,001 to HK$3,500,000	**1**	1

14. DIVIDENDS

Dividends recognised as distributions during the year:

	2020	2019
	HK$'000	*HK$'000*
2019 Final dividend of HK5.0 cents per share (2019: 2018 Final dividend of HK$5.0 cents per share)	**49,982**	49,982
2019 Special dividend of HK10.0 cents per share (2019: nil)	**99,964**	–
	149,946	49,982

The board of directors have resolved to recommend the payment of a final dividend in respect of the year ended 31st March, 2020 of HK5.0 cents (2019: final dividend of HK5.0 cents and special dividend of HK10.0 cents) per share, a total distribution of approximately HK$49,982,000 (2019: HK$149,946,000). The proposed final dividend for the year is subject to approval by the shareholders in the forthcoming annual general meeting.

For the year ended 31st March, 2020, the Group distributed dividends amounting to HK$149,946,000. The difference between dividends recognised as a distribution disclosed in consolidated statement of changes in equity represented the dividends paid to the Group's share award scheme, which was recognised under the shares held for share award scheme in the consolidated statement of changes in equity.

15. EARNINGS PER SHARE

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

	2020	2019
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	123,822	288,747

	Number of shares	Number of shares
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	987,033	999,641
Effect of dilutive potential ordinary shares in respect of outstanding share awards	3,920	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	990,953	999,641

The weighted average number of ordinary shares for the purpose of basic earnings per share shown above have been arrived at after deducting shares held by the share award scheme trust.

The directors of the Company consider that dilutive impact arising from share awards is insignificant for the year ended 31st March, 2019.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000 (Note)	Furniture and fixtures HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1st April, 2018	104,388	88,135	14,324	377,959	8,555	37,433	630,794
Exchange realignment	–	(40)	(48)	–	–	–	(88)
Additions	685	–	28	389	449	41,151	42,702
Disposals	–	(7,376)	(1,421)	(57,904)	(276)	(79)	(67,056)
Transfers	24,998	4,812	445	24,256	–	(54,511)	–
At 31st March, 2019	130,071	85,531	13,328	344,700	8,728	23,994	606,352
Exchange realignment	–	20	23	–	122	–	165
Additions	442	11	278	164	261	27,431	28,587
Disposals and written off	(60)	(402)	(751)	(21,339)	(144)	(3,195)	(25,891)
Transfers	239	11,345	25	20,000	–	(31,609)	–
At 31st March, 2020	**130,692**	**96,505**	**12,903**	**343,525**	**8,967**	**16,621**	**609,213**
DEPRECIATION							
At 1st April, 2018	38,052	58,796	9,690	258,131	5,414	–	370,083
Exchange realignment	–	(34)	(46)	–	–	–	(80)
Provided for the year	5,569	13,113	1,117	30,843	890	–	51,532
Eliminated on disposals	–	(4,496)	(1,248)	(56,241)	(145)	–	(62,130)
At 31st March, 2019	43,621	67,379	9,513	232,733	6,159	–	359,405
Exchange realignment	–	17	23	–	–	–	40
Provided for the year	6,470	6,470	876	31,046	877	–	45,739
Eliminated on disposals and written off	(24)	(331)	(458)	(14,962)	(132)	–	(15,907)
At 31st March, 2020	**50,067**	**73,535**	**9,954**	**248,817**	**6,904**	**–**	**389,277**
CARRYING VALUES							
At 31st March, 2020	**80,625**	**22,970**	**2,949**	**94,708**	**2,063**	**16,621**	**219,936**
At 31st March, 2019	86,450	18,152	3,815	111,967	2,569	23,994	246,947

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment, except for construction in progress, less their residual values, over their estimated useful lives, 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) The carrying amounts of owner-occupied leasehold land and buildings of HK$80,625,000 (2019: HK$86,450,000) 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.

(ii) During the year ended 31st March, 2020, a net carrying amount of HK$8,682,000 on certain property, plant and equipment was written off, which were related to fire accident happened in September 2019.

17. RIGHT-OF-USE ASSETS

	Rented premises	**Motor vehicles**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1st April, 2019			
Carrying amount	8,485	1,212	9,697
As at 31st March, 2020			
Carrying amount	7,604	1,560	9,164
For the year ended 31st March, 2020			
Depreciation charge	(3,498)	(489)	(3,987)
Expense relating to short-term leases and other leases with lease terms ends within 12 months of the date of initial application of HKFRS 16			690
Total cash outflow for leases			(4,774)
Addition to right-of-use assets			3,454

17. RIGHT-OF-USE ASSETS (CONTINUED)

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

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

The Group regularly entered into short-term leases for rental premises. As at 31st March, 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in this note above.

In addition, lease liabilities of HK$9,526,000 are recognised with related right-of-use assets of HK$9,164,000 as at 31st March, 2020. The lease agreements do not impose any covenants in the leased assets that are held by the lessors, and the relevant leased assets may not be used as security for borrowing purposes.

18. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1st April, 2018	1,207
Addition	685
At 31st March, 2019 and 2020	1,892
DEPRECIATION	
At 1st April, 2018	197
Provided for the year	116
At 31st March, 2019	313
Provided for the year	201
At 31st March, 2020	514
CARRYING VALUES	
At 31st March, 2020	1,378
At 31st March, 2019	1,579

18. INVESTMENT PROPERTIES (CONTINUED)

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, 2020, the fair value of the Group's investment properties was HK$35,500,000 (2019: HK$37,900,000).

The fair value of the investment properties as at 31st March, 2020 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.

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

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

Rental income from investment properties for the year is HK$1,107,000 (2019: HK$722,000). The direct operating expenses incurred for investment properties that generated rental income during the year is HK$282,000 (2019: HK$271,000).

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

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

	2020 ***HK$'000***	2019 *HK$'000*
Units located in Hong Kong		
Carrying amount	**1,378**	1,579

	2020 ***HK$'000***	2019 *HK$'000*
Fair value at Level 3 hierarchy	**35,500**	37,900

19. INTERESTS IN ASSOCIATES

Interests in associates

	2020 HK$'000	2019 HK$'000
Cost of investments in associates		
Listed in the PRC	**518,114**	518,114
Unlisted	**183,052**	183,052
Share of post-acquisition results and other comprehensive income, net of dividends received:		
Listed in the PRC	**678,801**	704,886
Unlisted	**(15,544)**	(2,793)
	1,364,423	1,403,259
Fair value of listed associate	**2,228,466**	2,376,449

Share of results of associates

	2020 HK$'000	2019 HK$'000
Listed in the PRC:		
Share of profit	**80,969**	88,623
Unlisted associates:		
Share of profit	**17,339**	35,165
	98,308	123,788

19. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the Group's associates as at 31st March, 2020 and 2019 are as follows:

Name	Form of business	Place of incorporation or registration/ operation	Proportion of nominal value of issued capital controlled by the Group 2020	2019	Principal activities
Listed in the PRC					
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	**31.73%** *(Note)*	31.84% *(Note)*	Manufacturing and trading of aluminium electrolytic capacitors, thin film capacitors and super capacitors
Unlisted associates					
Kunshan Visionox Technology Co. Ltd. ("Kunshan Technology") 昆山維信諾科技有限公司	Sino-foreign cooperate limited liability company	The PRC	**35.10%**	35.10%	Development, manufacturing and selling of Organic Light Emitting Diode ("OLED") display products
Zaozhuang Visionox Electronics Technology Company Limited ("Zaozhuang Electronics") 棗莊維信諾電子科技有限公司	Sino-foreign cooperate limited liability company	The PRC	**40.00%**	40.00%	Development, manufacturing and selling of flexible printed circuits and OLED related products

Note: According to the "Guide to Listed Companies' Articles of Association《上市公司章程指引》" issued by China Securities Regulatory Commission, a company is treated as the controlling shareholder of a company listed in the 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 31.73% (2019: 31.84%) of the voting rights. The decrease in shareholding is due to the dilution effect in relation to the exercise of the share options in Nantong Jianghai. 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 "Investments in Associates and Joint Ventures" as the Group has significant influence over to participate in the financial and operating policy decisions over those policies but not control of Nantong Jianghai.

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

Nantong Jianghai

Financial position

	2020	2019
	HK$'000	*HK$'000*
Current assets	**2,834,208**	2,886,206
Non-current assets	**2,068,667**	2,004,951
Current liabilities	**(924,814)**	(785,108)
Non-current liabilities	**(18,803)**	(46,883)
Non-controlling interests	**(187,068)**	(218,085)
Net assets	**3,772,190**	3,841,081

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

	2020	2019
	HK$'000	*HK$'000*
Net assets of the associate	**3,772,190**	3,841,081
Proportion of the Group's ownership interest in Nantong Jianghai	**31.73%**	31.84%
Carrying amount of the Group's interest in Nantong Jianghai	**1,196,915**	1,223,000

19. INTERESTS IN ASSOCIATES (CONTINUED)

Nantong Jianghai (Continued)

Results for the year

	2020	2019
	HK$'000	*HK$'000*
Revenue	**2,308,920**	2,242,801
Profit for the year	**255,182**	278,339
Other comprehensive income for the year	**14,567**	(27,129)
Group's share of associate's profit for the year	**80,969**	88,623
Group's share of associate's other comprehensive income (expense) for the year	**4,622**	(8,638)

Dividend received during the year

	2020	2019
	HK$'000	*HK$'000*
Dividend received by the Group	**22,446**	22,406

19. INTERESTS IN ASSOCIATES (CONTINUED)

Kunshan Technology

Financial position

	2020	2019
	HK$'000	*HK$'000*
Current assets	**304,951**	289,876
Non-current assets	**409,835**	363,944
Current liabilities	**(275,399)**	(221,310)
Non-controlling interests	**(39,301)**	(4,822)
Net assets	**400,086**	427,688

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

	2020	2019
	HK$'000	*HK$'000*
Net assets of the associate	**400,086**	427,688
Proportion of the Group's ownership interest in Kunshan Technology	**35.1%**	35.1%
Carrying amount of the Group's interest in Kunshan Technology	**140,430**	150,118

Results for the year

	2020	2019
	HK$'000	*HK$'000*
Revenue	**508,002**	555,365
Profit and total comprehensive income for the year	**49,989**	71,130
Group's share of associate's profit for the year	**17,546**	24,967

19. INTERESTS IN ASSOCIATES (CONTINUED)

Kunshan Technology (Continued)

Dividend received during the year

	2020	2019
	HK$'000	*HK$'000*
Dividend received by the Group *(note)*	**–**	72,924

Note: During the year ended 31st March, 2020, Kunshan Technology distributed RMB48,800,000 dividend to its shareholders. Crown Capital, a non-wholly owned subsidiary of the Group, and Faith Crown International Limited, a wholly owned subsidiary of the Group, decided to waive the entitlement to the proposed dividend amounting to RMB17,128,000 (equivalent to approximately HK$18,730,000) from Kunshan Technology. The waived dividend was assigned to the major shareholder of Kunshan Technology. This was to maintain a good relationship with the major shareholder of Kunshan Technology and to facilitate a capital restructuring plan of Kunshan Technology, which would be beneficial to the long-term development Kunshan Technology.

Bonus awarded to management of Kunshan Technology

For the year ended 31st March, 2019, the Group's other expense of RMB55,908,000 (equivalent to approximately HK$65,367,000) represents the Group's discretionary bonus awarded to the management of Kunshan Technology to show the appreciation to the management of Kunshan Technology for the contribution to the satisfactory performance and the continual support to Kunshan Technology in the future.

During the year ended 31st March, 2020, due to the remittance restriction in the PRC, the Group had limitation to distribute the discretionary bonus to the management of Kunshan Technology after consulted with legal counsel. With the agreement with the management of Kunshan Technology, the Group cancelled the discretionary bonus and accordingly, recognised a reversal of the discretionary bonus of RMB55,908,000 (equivalent to approximately HK$61,140,000) for the year ended 31st March, 2020. Exchange gain of HK$4,227,000 is recognised upon reversal of the accrued bonus for the year ended 31st March, 2020.

	2020	2019
	HK$'000	*HK$'000*
Other income (expense) related to an associate:		
Bonus awarded to the management of an associate	**–**	(65,367)
Reversal of bonus awarded to the management of an associate	**61,140**	–
Exchange gain on accrued bonus awarded to the management of an associate	**4,227**	–
Waiver of dividend from an associate	**(18,730)**	–
	46,637	(65,367)

19. INTERESTS IN ASSOCIATES (CONTINUED)

Zaozhuang Electronics

Financial position

	2020	2019
	HK$'000	*HK$'000*
Current assets	**28,557**	77,586
Non-current assets	**87,950**	85,700
Current liabilities	**(48,812)**	(87,934)
Net assets	**67,695**	75,352

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

	2020	2019
	HK$'000	*HK$'000*
Net assets of the associate	**67,695**	75,352
Proportion of the Group's ownership interest in Zaozhuang Electronics	**40%**	40%
Carrying amount of the Group's interest in Zaozhuang Electronics	**27,078**	30,141

Results for the year

	2020	2019
	HK$'000	*HK$'000*
Revenue	**67,476**	156,738
(Loss) profit and total comprehensive (expense) income for the year	**(519)**	21,049
Group's share of associate's (loss) profit for the year	**(207)**	8,420

19. INTERESTS IN ASSOCIATES (CONTINUED)

Kunshan Visionox Display Co. Ltd. ("Kunshan Display")

Results for the period

	From 1.4.2018 to 31.10.2018 *HK$'000*
Revenue	11,738
Profit and total comprehensive income for the period	4,054
Group's share of associate's profit for the period	1,778

Disposal

During the ended 31st March, 2019, the Group disposed of the entire 43.87% equity interest in Kunshan Display to another shareholder of this associate for a cash consideration of RMB219,967,000. This transaction has resulted in the recognition of a gain on disposal in profit or loss, calculated as follows:

	HK$'000
Consideration received	251,069
Less: carrying amount of the 43.87% interest in Kunshan Display on the date of disposal	(13,598)
Add: release of translation reserve	6,927
Gain recognised in profit or loss	244,398

Amounts due from associates

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

20. FINANCIAL ASSETS AT FVTPL

	2020	2019
	HK$'000	*HK$'000*
Unlisted equity securities of a private equity *(note a)*	**2,739**	2,739
Listed equity securities	–	114
Bills *(note b)*	**5,662**	1,848
	8,401	4,701
Analysed for reporting purposes as:		
Current assets	**5,662**	1,962
Non-current assets	**2,739**	2,739
	8,401	4,701

Notes:

(a) Amount represents unlisted equity securities of a private entity engaging in manufacturing and trading of aluminium formed foil in the PRC.

The directors of the Company are of the opinion that their fair values approximate to the carrying amounts recorded at cost at the end of the reporting period.

(b) The Group has the practice of endorsing substantial part of the bills received from debtors to settle payment to suppliers before the bills are due for payment and derecognises endorsed bills on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties. Accordingly, the Group's bills are classified as financial assets at FVTPL.

21. INTANGIBLE ASSETS

The intangible assets represent club memberships with indefinite useful lives.

The club memberships currently have a second hand market and have no foreseeable limit to their useful lives. The directors of the Company are of the opinion that the Group will continue to hold the club memberships and has the ability to do so. The club memberships have been tested for impairment in the current year by reference to their second hand market values and no impairment loss has been identified for the current or prior year.

22. INVENTORIES

	2020 HK$'000	2019 HK$'000
Raw materials	**40,649**	48,137
Work in progress	**25,915**	27,369
Finished goods	**44,886**	71,972
	111,450	147,478

23. TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	**135,884**	160,105
Less: Allowance for credit losses	**(12,259)**	(11,402)
	123,625	148,703
Other receivables	**33,157**	43,253
Deposits	**2,639**	3,253
Prepayments	**10,708**	5,482
	170,129	200,691

At 1st April, 2018, trade receivables from contracts with customers amounted to HK$181,782,000.

The Group's trade and other receivables that are denominated in currencies other than functional currencies of the relevant group entities, as stated in note 32b, amounted to HK$171,604,000 (2019: HK$189,816,000).

The Group has a policy of allowing credit periods ranging from 30 days to 120 days.

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2020	2019
	HK$'000	*HK$'000*
1 – 30 days	**67,057**	81,838
31 – 60 days	**30,104**	30,785
61 – 90 days	**13,402**	25,209
91 – 120 days	**6,881**	4,169
Over 120 days	**6,181**	6,702
	123,625	148,703

As at 31st March, 2020, included in the Group's trade receivables net of allowance for credit losses balance are debtors with aggregate carrying amount of HK$44,382,000 (2019: HK$44,278,000) which are past due as at the reporting date. Out of the past due balances, HK$8,758,000 (2019: HK$7,695,000) has been past due 90 days or more and is not considered as in default as the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer. The Group does not hold any collateral over these balances.

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

24. BANK BALANCES AND CASH

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 2.65% (2019: 0.01% to 2.65%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities as stated in note 32b, amounted to approximately HK$225,220,000 (2019: HK$318,123,000).

25. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**106,418**	115,596
Dividend payable	**913**	–
Accrued charges	**74,879**	74,662
Other payables *(note)*	**21,108**	100,128
	203,318	290,386

Note: Balance at 31st March, 2019 includes discretionary bonus to the management of an associate of HK$65,367,000, details are set out in note 19.

25. TRADE AND OTHER PAYABLES (CONTINUED)

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

	2020	2019
	HK$'000	*HK$'000*
Up to 30 days	**42,083**	49,272
31 – 60 days	**12,086**	14,275
61 – 90 days	**18,498**	20,762
91 – 120 days	**15,357**	14,711
Over 120 days	**18,394**	16,576
	106,418	115,596

The credit period on purchase of goods is 30 days to 90 days.

The Group's trade and other payables that are denominated in currencies, other than functional currencies of the relevant group entities, amounted to HK$179,516,000 (2019: HK$292,764,000).

26. CONTRACT LIABILITIES

	2020	2019
	HK$'000	*HK$'000*
Deposits received from customers	**7,487**	13,411

As at 1st April, 2018, contract liabilities amounted to HK$10,032,000.

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

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

26. CONTRACT LIABILITIES (CONTINUED)

	Amounts received in advance for sales of LCDs, LCMs, LCD-related products and LCD-related optical products
	HK$'000
For the year ended 31st March, 2019	
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	10,032
For the year ended 31st March, 2020	
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**13,411**

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

Contract liabilities primarily relate to deposits from customers when the sale order is issued. The Group receives 30% to 100% of the contract value as deposits from certain new customers when the sale order is issued. The entire amount of contract liabilities will be recognised as revenue when the customers obtained the control of LCDs, LCMs, LCD-related products and LCD-related optical products.

27. BANK BORROWINGS

	2020	2019
	HK$'000	*HK$'000*
Bank borrowings – unsecured	**4,022**	–
Carrying amount of bank borrowings repayable based on scheduled repayment dates set out in the loan agreements:		
Within one year	**4,022**	–
Amounts due within one year shown under current liabilities	**4,022**	–

The bank borrowings are carried interest at a fixed rate of 2.86% per annum.

28. LEASE LIABILITIES

	2020
	HK$'000
Lease liabilities payable:	
Within one year	**3,928**
Within a period of more than one year but not more than two years	**1,840**
Within a period of more than two years but not more than five years	**3,758**
	9,526
Less: Amount due for settlement with 12 months shown under current liabilities	**(3,928)**
Amount due for settlement after 12 months shown under non-current liabilities	**5,598**

29. DEFERRED TAXATION

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

	Temporary differences on interest in an associate *(Note)*	Undistributed profits in associates	Undistributed other comprehensive income in an associate	Accelerated tax depreciation	Temporary differences on allowance for receivables	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2018	34,822	34,822	247	106	(218)	69,779
Dividend withholding tax paid	–	(9,533)	–	–	–	(9,533)
Charge (credit) to profit or loss:						
– Disposal of an associate	–	(4,551)	–	–	–	(4,551)
– Others	–	7,348	–	(110)	98	7,336
Credit to other comprehensive income	–	–	(432)	–	–	(432)
Exchange realignment	(2,331)	(2,440)	–	–	–	(4,771)
At 31st March, 2019	32,491	25,646	(185)	(4)	(120)	57,828
Dividend withholding tax paid	–	(1,181)	–	–	–	(1,181)
Charge to profit or loss	–	5,803	–	–	–	5,803
Charge to other comprehensive income	–	–	231	–	–	231
Exchange realignment	(2,097)	(1,783)	–	–	–	(3,880)
At 31st March, 2020	**30,394**	**28,485**	**46**	**(4)**	**(120)**	**58,801**

Note: Pursuant to the non-public offering of shares of Nantong Jianghai in 2016, the Group's interest in Nantong Jianghai increased, resulting in an increase in the temporary difference in interests in an associate.

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

29. DEFERRED TAXATION (CONTINUED)

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

At the end of the reporting period, the Group had unused tax losses of HK$2,499,000 (2019: HK$6,139,000) and temporary differences on allowance for credit losses on receivables of HK$727,000 (2019: HK$727,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses and temporary differences for both years due to the unpredictability of future profit streams. Included in unrecognised tax losses are HK$728,000 (2019: HK$2,594,000) that will expire within five years. The remaining unrecognised tax losses may be carried forward indefinitely.

The Group has recognised a deferred tax liability for the Group's share of the undistributed distributable profits earned by its PRC associates since 1st January, 2008. Deferred tax liabilities in respect of the distributable profits retained by the Group's PRC subsidiaries have not been recognised as the Group is able to control the timing of reversal of temporary differences of the subsidiaries and it is probable that the temporary differences will not be reversed in the foreseeable future.

30. SHARE CAPITAL

	Number of shares		**Share capital**	
	2020	2019	**2020**	2019
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised				
2,000 million ordinary shares of HK$0.2 each	**2,000,000**	2,000,000	**400,000**	400,000

	Number of shares	Share capital
	'000	*HK$'000*
Issued and fully paid		
At 1st April, 2018, 31st March, 2019 and 31st March, 2020	999,641	199,928

31. CAPITAL RISK MANAGEMENT

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

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

32. FINANCIAL INSTRUMENTS

32a. Categories of financial instruments

	2020	2019
	HK$'000	*HK$'000*
Financial assets		
Financial assets at amortised cost	**390,078**	510,130
Financial assets at FVTPL	**8,401**	4,701
Financial liabilities		
Financial liabilities at amortised cost	**132,461**	236,685

32b. Financial risk management objective and policies

The Group's financial instruments include financial assets at FVTPL, trade receivables, other receivables and deposits, amounts due from associates, bank balances and cash, trade and other payables, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

(i) Currency risk

Several group entities have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 97% (2019: 96%) of the Group's sales are denominated in currencies other than the functional currency of the group entities making the sale, whilst approximately 97% (2019: 92%) 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, bank balances and cash and monetary liabilities, including trade and other payables, denominated at the currencies other than the functional currency of the relevant group entity, at the end of reporting period are as follows:

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risks (Continued)

(i) *Currency risk (Continued)*

	Assets		Liabilities	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
RMB	**168,007**	321,728	**120,738**	165,533
Taiwan dollars ("NT$")	**4,971**	4,384	**557**	873
Japanese Yen ("JPY")	**631**	449	**468**	376
United States dollars ("US$")	**178,304**	135,777	**19,361**	29,410
Swiss franc ("CHF")	**44,911**	35,846	**38,392**	36,273

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

	2020	2019
	HK$'000	*HK$'000*
RMB	**1,973**	6,521
NT$	**184**	147
JPY	**7**	3
CHF	**272**	(18)

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

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

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risks (Continued)

(ii) *Interest rate risk*

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

The Group is exposed to fair value interest rate risk in relation to bank borrowings (see note 27 for details) and lease liabilities (see note 28 for details).

The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

Sensitivity analysis

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

(iii) *Equity price risk*

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

Credit risk and impairment assessment

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

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Trade receivables

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

Other receivables and deposits

For other receivables and deposits, the management of the Group make periodic individual assessment under 12m ECL on the recoverability of other receivables and deposits based on historical settlement records and past history. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

Amounts due from associates

The credit risk arising from amounts due from associates are limited as the amount involved is insignificant to the Group.

Bank balances

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

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk except for trade receivables as below.

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 and with a good payment history, accounted for 23% (2019: 17%) of the Group's total trade receivables. The Group monitors the level of exposures to ensure that follow up actions and/or corrective measures are taken promptly to lower the risk exposure or to recover the overdue balances. Other than the above, the Group has no other significant concentration risk, with exposures spread over a large number of counterparties and customers.

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Bank balances (Continued)

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

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

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

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

	Notes	**External credit rating**	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount 2020** *HK$'000*	Gross carrying amount 2019 HK$'000
Financial assets at amortised cost						
Trade receivables	*23*	N/A	Low risk Watch list Doubtful *(Note ii)*	Lifetime ECL (collective assessment)	**126,419**	151,512
			Loss *(Note ii)*	Lifetime ECL (individual assessment)	**9,465**	8,593
Other receivables and deposits	*23*	N/A	Low risk	12m ECL	**35,796**	46,506
Amounts due from associates	*19*	N/A	Low risk	12m ECL	**31**	51
Bank balances	*24*	*(Note i)*	N/A	12m ECL	**229,970**	316,815

Notes:

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

(ii) As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of HK$9,465,000 as at 31st March, 2020 (2019: HK$8,593,000) were assessed individually.

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Gross carrying amount

	2020		2019	
	Average loss rate	**Trade receivables**	Average loss rate	Trade receivables
	%	***HK$'000***	%	*HK$'000*
Internal credit rating				
Low risk	**1-2**	**91,602**	1-2	115,827
Watch list	**2-3**	**19,059**	2-3	8,961
Doubtful	**5-8**	**15,758**	5-8	26,724
		126,419		151,512

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

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

	Lifetime ECL, not-credit impaired	**Lifetime ECL, credit-impaired**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1st April, 2018	–	10,809	10,809
Impairment loss reversed	–	(2,599)	(2,599)
Impairment loss recognised	3,022	823	3,845
Amounts written off	–	(4)	(4)
Exchange realignment	(213)	(436)	(649)
At 31st March, 2019	2,809	8,593	11,402
Transfer to credit-impaired	(159)	159	–
Impairment loss reversed	(2,650)	–	(2,650)
New financial assets originated	2,773	665	3,438
Exchange realignment	21	48	69
At 31st March, 2020	2,794	9,465	12,259

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two year past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Liquidity risk

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

As at 31st March, 2020, the Group's banking facilities amounted to HK$163,000,000 (2019: HK$163,000,000) of which approximately HK$4,022,000 (2019: HK$160,000) were utilised for issuance of letters of credit and bank borrowings.

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

Liquidity table

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

	Weighted average interest rate	Repayable on demand or less than 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flow	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31st March, 2020						
Non-derivative financial liabilities						
Trade and other payables	–	128,439	–	–	128,439	128,439
Bank borrowings	2.86	4,130	–	–	4,130	4,022
Other item:						
Lease liabilities	4.07	4,169	1,943	3,988	10,100	9,526
		136,738	1,943	3,988	142,669	141,987
At 31st March, 2019						
Non-derivative financial liabilities						
Trade and other payables	–	236,685	–	–	236,685	236,685

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

32. FINANCIAL INSTRUMENTS (CONTINUED)

32c. Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

The following table gives information about how the fair values of the financial assets are determined.

Financial assets	Fair value as at 31st March, 2020 HK$'000	Fair value as at 31st March, 2019 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at FVTPL				
– bills *(note 20)*	**5,662**	1,848	Level 3	Discounted cash flow/ discount rate
– listed equity securities *(note 20)*	**–**	114	Level 1	Quoted bid prices in an active market
– unlisted equity securities *(note 20)*	**2,739**	2,739	Level 3	Discounted cash flow/ discount rate

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

– The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

– The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

Reconciliation of Level 3 fair value measurements of financial assets and financial liability

	Bills	Unlisted equity securities
	HK$'000	*HK$'000*
At 1st April, 2018	47,294	2,739
Additions	87,447	–
Disposals	(132,893)	–
At 31st March, 2019	1,848	2,739
Additions	75,248	–
Disposals	(71,434)	–
At 31st March, 2020	5,662	2,739

During the year ended 31st March, 2020 and 2019, there were no transfers between levels of the fair value hierarchy.

33. CAPITAL COMMITMENT

	2020	2019
	HK$'000	*HK$'000*
Expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of plant and machinery and construction in progress	**12,602**	17,072

34. OPERATING LEASES

The Group as lessor

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

	2020
	HK$'000
Minimum lease payments receivable on leases are as follows:	
Within one year	**1,206**
In the second year	**72**
	1,278

The Group had contracted with tenants for the following future minimum lease payments:

	2019
	HK$'000
Within one year	819
In the second to fifth years inclusive	594
	1,413

The Group as lessee

Minimum lease payments paid under operating leases for rented premises and rented motor vehicles for the year ended 31st March, 2019 amounted to approximately HK$5,262,000 and HK$768,000 respectively.

As at 31st March, 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Rented premises	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*
Within one year	2,766	742	3,508
In the second to fifth year inclusive	6,676	691	7,367
	9,442	1,433	10,875

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

35. SHARE AWARD SCHEME

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

The share award scheme of the Company was adopted by the board of directors on 24th October, 2012. Pursuant to the share award scheme, existing shares will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants until such shares are vested upon retirement age or from the sixth year of grant with the relevant selected participants in accordance with the provisions of the scheme, whichever is earlier. When the selected participant has satisfied all vesting conditions specified by the board at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that qualifying person.

Recognition of equity-settled share-based payment expenses under share award scheme during the year was approximately HK$4,211,000 (2019: HK$4,029,000).

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

	Number of shares
At 1st April, 2018	9,624,000
Awarded *(note a)*	3,240,000
Vested *(note b)*	(2,796,000)
Forfeited	(590,000)
At 31st March, 2019	9,478,000
Awarded *(note a)*	4,250,000
Vested *(note b)*	(1,832,000)
Forfeited	(344,000)
At 31st March, 2020	11,552,000

35. SHARE AWARD SCHEME (CONTINUED)

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

Notes:

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

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

(c) For the year ended 31st March, 2020 and 2019, the fair value on the grant date of the shares awarded was HK$4,930,000 and HK$3,422,000, respectively which was determined based on the quoted share price of the Company on that date.

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

Remaining vesting period	Number of awarded shares	
	2020	2019
Less than 5 years	**7,439,200**	6,092,400
More than 5 years	**4,112,800**	3,385,600
	11,552,000	9,478,000

36. RETIREMENT BENEFIT PLANS

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

The retirement benefit scheme contributions arising from the MPF Scheme charged in profit or loss represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The employees of the group entities in the PRC are members of a state-managed retirement benefit scheme operated by the government in the PRC. The group entities are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to profit or loss of approximately HK$10,388,000 (2019: HK$9,877,000) represents contributions payable to these schemes by the Group in respect of the current year.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings	Lease liabilities	Dividend payable	Dividend payable to non-controlling interests
	HK$'000 *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2018	57,008	–	–	–
Financing cash flows	(58,287)	–	(49,982)	(42,103)
Finance costs	1,237	–	–	–
Exchange realignment	42	–	–	–
Declaration of dividend	–	–	49,982	42,103
At 31st March, 2019	–	–	–	–
Adjustment upon adoption of HKFRS 16	–	9,697	–	–
At 1st April, 2019	–	9,697	–	–
Financing cash flows	4,087	(4,084)	(146,671)	(2,235)
New lease entered	–	3,454	–	–
Interest on lease liabilities	–	459	–	–
Dividends recognised as distributions	–	–	146,671	3,148
Exchange realignment	(65)	–	–	–
At 31st March, 2020	4,022	9,526	–	913

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

38. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	2020	2019
	HK$'000	*HK$'000*
Short-term benefits	**10,960**	8,717
Share-based payment expenses	**614**	405
Post-employment benefits	**416**	304
	11,990	9,426

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

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current asset		
Investments in subsidiaries	**83,394**	83,384
Amounts due from subsidiaries	**200,009**	–
	283,403	83,384
Current assets		
Amounts due from subsidiaries	**224,199**	520,182
Other receivables	**274**	298
Bank balance and cash	**1,413**	7,584
	225,886	528,064
Current liabilities		
Accrued charges	**5,480**	8,727
Amounts due to subsidiaries	**48,317**	76,586
	53,797	85,313
Net current assets	**172,089**	442,751
Total assets less current liabilities	**455,492**	526,135
Capital and reserves		
Share capital	**199,928**	199,928
Reserves	**255,564**	326,207
	455,492	526,135

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

Movement of reserves

	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 1st April, 2018	110,750	10,132	6,655	(15,441)	49,259	64,945	226,300
Profit and total comprehensive income for the year	–	–	–	–	–	150,590	150,590
Shares purchased for share award scheme	–	–	–	(4,730)	–	–	(4,730)
Recognition of equity-settled share-based payment expenses under share award scheme *(note 35)*	–	–	4,029	–	–	–	4,029
Shares vested under share award scheme *(note 35)*	–	–	(4,163)	4,261	–	(98)	–
Dividends recognised as distribution	–	–	–	–	–	(49,982)	(49,982)
At 31st March, 2019	110,750	10,132	6,521	(15,910)	49,259	165,455	326,207
Profit and total comprehensive income for the year	–	–	–	–	–	78,301	78,301
Shares purchased for share award scheme	–	–	–	(6,484)	–	–	(6,484)
Recognition of equity-settled share-based payment expenses under share award scheme *(note 35)*	–	–	4,211	–	–	–	4,211
Shares vested under share award scheme *(note 35)*	–	–	(1,647)	(56)	–	1,703	–
Dividends recognised as distribution	–	–	–	–	–	(146,671)	(146,671)
At 31st March, 2020	110,750	10,132	9,085	(22,450)	49,259	98,788	255,564

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

Movement of reserves (Continued)

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of Yeebo (B.V.I.) Limited at the date on which it was acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1993. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) Details of the Company's principal subsidiaries at 31st March, 2020 and 2019 were as follows:

Name of subsidiaries	Legal form of business	Place of incorporation or registration/ operations	Issued and fully paid up share/ registered capital	Percentage of nominal value of issued shares/registered capital held by the Company 2020	2019	Principal activities
Billion Power Investment Limited *(Notes 1 and 2)*	Incorporated	Hong Kong	HK$1	100%	100%	Investment holding
Crown Capital *(Notes 1, 2 and 3)*	Incorporated	BVI	US$8,502	47.05%	47.05%	Investment holding
Faith Crown International Limited *(Note 1)*	Incorporated	BVI	US$1	100%	100%	Investment holding
Jiangmen Yeebo Electronic Technology 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

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

(a) Details of the Company's principal subsidiaries at 31st March, 2020 and 2019 were as follows:

Name of subsidiaries	Legal form of business	Place of incorporation or registration/ operations	Issued and fully paid up share/ registered capital	Percentage of nominal value of issued shares/registered capital held by the Company		Principal activities
				2020	2019	
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

Note 1: In the opinion of the directors, these subsidiaries principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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

Note 3: Crown Capital is considered as a subsidiary of the Group even though the Group has only a 47.05% ownership interest and has only 47.05% of the voting rights in Crown Capital since the date of incorporation and the remaining 52.95% of the ownership interests are held by seven independent shareholders. The Group has a sufficiently dominant voting interest to direct the relevant activities of Crown Capital and therefore the Group has control over Crown Capital.

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

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

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

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020**	2019	**2020**	2019
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Crown Capital	BVI	**52.95%**	52.95%	**9,645**	29,322	**32,027**	23,764
Individual immaterial subsidiaries with non-controlling interests				**4,075**	4,347	**697**	(99)
				13,720	33,669	**32,724**	23,665

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.

Crown Capital

	2020	2019
	HK$'000	*HK$'000*
Current assets	**25,823**	27,157
Current liabilities	**(8,450)**	(27,517)
Non-current assets	**43,112**	46,105
Equity attributable to owners of the Company	**28,458**	21,981
Non-controlling interests	**32,027**	23,764

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

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

Crown Capital (Continued)

	2020	2019
	HK$'000	*HK$'000*
Other gains and losses	**19,127**	73,099
Share of results of an associate	**5,387**	8,214
Expenses	**(546)**	(25,937)
Waiver of dividend from an associate	**(5,752)**	–
Profit for the year	**18,216**	55,376
Other comprehensive income	**(3,476)**	(4,708)
Profit attributable to owners of the Company	**8,571**	26,054
Other comprehensive income attributable to owners of the Company	**(1,636)**	(2,215)
Profit attributable to non-controlling interests	**9,645**	29,322
Other comprehensive income attributable to non-controlling interests	**(1,840)**	(2,493)
Profit and total comprehensive income for the year	**14,740**	50,668
Net cash (outflow) inflow from operating activities	**(1,334)**	1,069
Net cash inflow from investing activities	**–**	91,141
Net cash outflow from financing activities	**–**	(67,464)
Net cash (outflow) inflow	**(1,334)**	24,746

41. COMPARATIVE FIGURES

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

FINANCIAL SUMMARY

RESULTS

	For the year ended 31st March,				
	2016	2017	2018	2019	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	910,654	906,175	953,600	934,152	**813,153**
Profit before income tax	243,985	507,617	141,544	359,994	**146,189**
Income tax expense	(20,440)	(54,192)	(13,823)	(37,578)	**(8,647)**
Profit for the year	223,545	453,425	127,721	322,416	**137,542**
Attributable to:					
Owners of the Company	201,004	442,408	120,598	288,747	**123,822**
Non-controlling interests	22,541	11,017	7,123	33,669	**13,720**
	223,545	453,425	127,721	322,416	**137,542**

ASSETS AND LIABILITIES

	As at 31st March,				
	2016	2017	2018	2019	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	1,642,227	1,996,389	2,303,408	2,326,798	**2,131,409**
Total liabilities	(298,019)	(392,216)	(474,721)	(382,532)	**(293,225)**
	1,344,208	1,604,173	1,828,687	1,944,266	**1,838,184**
Equity attributable to owners of the Company	1,308,619	1,577,270	1,794,548	1,920,601	**1,805,460**
Non-controlling interests	35,589	26,903	34,139	23,665	**32,724**
	1,344,208	1,604,173	1,828,687	1,944,266	**1,838,184**