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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Yeebo (International Holdings) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**YEEBO (INTERNATIONAL HOLDINGS) LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 259)

MAJOR TRANSACTION**INVESTMENT IN KUNSHAN VISIONOX DISPLAY CO LTD**

18 April 2006

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DEFINITIONS

“Antrix”	Antrix Investment Limited, a company beneficially owned by Messrs. Fang Hung Kenneth and Li Kwok Wai, Frankie and holding approximately 66.9% of the issued capital in the Company
“Board”	the board of directors of the Company
“Beijing Visionox”	Beijing Visionox Technology Co. Limited, a company incorporated in the PRC in which the Company has a 34.5% attributable interest in the registered capital
“Company”	Yeebo (International Holdings) Limited, a company incorporated in Bermuda, the shares of which are limited on the Stock Exchange
“Crown Capital”	Crown Capital Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, in which the Company directly holds 47.0% of the total issued share capital
“Director(s)”	Director(s) of the Company
“Faith Crown”	Faith Crown International Limited (信冠國際有限公司), a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“First Option Agreement”	the option agreement dated 7 March 2006 between the Company, Faith Crown, Kunshan Venture Capital and Shenzhen Tsinghua pursuant to which Kunshan Venture Capital granted Faith Crown the option to acquire its shareholdings in Kunshan Visionox
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party/Parties”	party/parties who is/are independent of the directors, chief executive officer and substantial shareholders of the Company and of their respective associates, or its nominees

DEFINITIONS

“Jiangmen Yeebo”	Jiangmen Yeebo Semiconductor Co., Limited (江門億都半導體有限公司), a company incorporated in the PRC as a sino-foreign co-operative joint venture in which the Company has a 100% economic interest
“JV Agreements”	the joint venture and operations agreement and a shareholder agreement both entered into between Faith Crown, Kunshan Venture Capital and Shenzhen Tsinghua on 7 March 2006 for the setting up of Kunshan Visionox
“Kunshan Venture Capital”	Kunshan Venture Capital and Investment Company Limited (昆山市吳淞江創業投資發展有限公司), a company incorporated in the PRC, an Independent Third Party which is the investment arm of the municipal government of Kunshan City, Jiangsu Province, PRC and
“Kunshan Visionox”	Kunshan Visionox Display Co., Limited (昆山維信諾顯示技術有限公司) a company to be incorporated in the PRC
“Latest Practicable Date”	18 April 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LCD”	liquid crystal display
“LCM”	liquid crystal display module
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited
“Loan Agreement”	the loan agreement dated 7 March 2006 between Jiangmen Yeebo, RITUS and Shenzhen Tsinghua pursuant to which Jiangmen Yeebo agreed to advance a sum of RMB90 million to RITUS
“Nantong Jianghai”	Nantong Jianghai Capacitor Co. Ltd. (南通江海容器有限公司), a limited liability company established under the laws of PRC
“OLED”	Organic Light Emitted Display
“PRC”	the People’s Republic of China other than the territories of Hong Kong, Macau and Taiwan

DEFINITIONS

“RITUS”	Research Institute of Tsinghua University in Shenzhen (深圳清華大學研究院), a body corporate incorporated in the PRC which is the controlling shareholder of Shenzhen Tsinghua and an Independent Third Party mainly engaged in the commercialization of high-tech products
“RMB”	Renminbi, the lawful currency of PRC
“Second Option Agreement”	the option agreement dated 7 March 2006 between Faith Crown, Jiangmen Yeebo, RITUS, Shenzhen Tsinghua and Kunshan Venture Capital pursuant to which Shenzhen Tsinghua granted Faith Crown the option to acquire its shareholding in Kunshan Visionox
“Set Up Date”	the date on which the business registration certificate (營業執照) is issued to Kunshan Visionox on its incorporation
“Shareholders”	Shareholders of the Company
“Shenzhen Tsinghua”	Shenzhen Tsinghua Leaguer Venture Capital Co., Limited (深圳清華力合創業投資有限公司), a company incorporated in the PRC and an Independent Third Party principally acting as an incubator of enterprises engaged in high-tech research business
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the series of transactions as stipulated under the JV Agreements, the First Option Agreement, the Loan Agreement and the Second Option Agreement

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the rate of RMB1.00 = HK\$0.965. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

LETTER FROM THE BOARD



YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 259)

Directors:

FANG Hung, Kenneth, GBS, JP
LI Kwok Wai, Frankie
TIEN Pei Chun, James, GBS, JP*
CHU Chi Wai, Allan*
LAU Yuen Sun, Adrian*

** Independent Non-executive Director*

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Canon's Court
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7th Floor
On Dak Industrial Building
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Kwai Chung
New Territories
Hong Kong

18 April 2006

To the shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

INVESTMENT IN KUNSHAN VISIONOX DISPLAY CO LTD

1. INTRODUCTION

On 9 March 2006, the Company announced that on 7 March 2006:

- (i) the Group through Faith Crown entered into the JV Agreements for the setting up Kunshan Visionox. The other parties to the JV Agreements are Kunshan Venture Capital and Shenzhen Tsinghua, both of which are Independent Third Parties. Pursuant to the JV Agreements, Faith Crown will invest RMB190 million (equivalent to approximately HK\$183 million) in Kunshan Visionox as a founding shareholder. The other two founding shareholders, Kunshan Venture Capital and Shenzhen Tsinghua, will invest RMB120 million (equivalent to approximately HK\$116 million) and RMB90 million (equivalent to approximately HK\$87 million) respectively;

LETTER FROM THE BOARD

- (ii) the Group through the Company and Faith Crown also entered into the First Option Agreement. The First Option Agreement provides that Faith Crown has the option to acquire, within 3 years of the Set Up Date, the shareholding equivalent to RMB120 million in the registered capital of Kunshan Visionox from Kunshan Venture Capital at a consideration of RMB120 million (equivalent to approximately HK\$116 million) plus an amount equivalent to interest accrued on RMB120 million at prevailing PRC commercial bank's lending rate from the Set Up Date to the date the option being exercised. Faith Crown also agrees to buy back the shareholding of Kunshan Venture Capital in Kunshan Visionox at a consideration equivalent to 1.05 times of the amount having been contributed by Kunshan Venture Capital towards such shareholdings if Kunshan Visionox goes into liquidation within 36 months of the Set Up Date;
- (iii) the Group through Faith Crown and Jiangmen Yeebo also entered into the Loan Agreement and the Second Option Agreement. The Loan Agreement provides that Jiangmen Yeebo shall extend a loan of RMB90 million (equivalent to approximately HK\$87 million) to RITUS, the controlling shareholder of Shenzhen Tsinghua, on the condition that such amount shall in turn be utilized by RITUS or Shenzhen Tsinghua to invest in Kunshan Visionox. Pursuant to the Second Option Agreement, Shenzhen Tsinghua has to confirm within 24 months of the Set Up Date if it intends to retain its shareholding in Kunshan Visionox equivalent to RMB30 million of its registered capital by causing RITUS to repay RMB30 million (equivalent to approximately HK\$29 million) principal amount of the loan granted by Jiangmen Yeebo to RITUS under the Loan Agreement plus interest accrued at 5.31% p.a. Pursuant to the Second Option Agreement, Shenzhen Tsinghua shall transfer its shareholding equivalent to RMB60 million (or RMB90 million if Shenzhen Tsinghua has not confirmed its intention to retain its shareholding in Kunshan Visionox equivalent to RMB30 million of its registered capital) in the registered capital in Kunshan Visionox to Faith Crown or its nominee if so requested by Faith Crown within 36 months of the Set Up Date (the transfer of the last RMB30 million in the registered capital of Kunshan Visionox can only be made in the third year of the Set Up Date) as repayment of the amount due by RITUS to Jiangmen Yeebo under the Loan Agreement.

The Transactions constitutes a major transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with information on the Transactions and Kunshan Visionox and other information as required by the Listing Rules.

LETTER FROM THE BOARD

2. AGREEMENTS ENTERED INTO BY THE GROUP

The JV Agreement

Date:	7 March 2006		
Parties:	Faith Crown, Kunshan Venture Capital and Shenzhen Tsinghua		
Joint Venture subject company:	Kunshan Visionox		
Total investment amount:	RMB750 million		
Registered capital:	RMB400 million		
Contribution by individual shareholders:	Faith Crown	RMB190 million	47.5%
	Kunshan Venture Capital	RMB120 million	30.0%
	Shenzhen Tsinghua	RMB90 million	22.5%

Faith Crown and Kunshan Venture Capital has to contribute its share of the registered capital in cash within 10 days of the Set Up Date, whereas Shenzhen Tsinghua has to contribute its share of the registered capital in cash within 6 months of the Set Up Date

Board of directors:	The board of directors shall comprise nine members, of which Faith Crown is entitled to appoint four representatives (including the chairman), Kunshan Venture Capital is entitled to appoint three representatives (including one of the two vice chairmen) and Shenzhen Tsinghua is entitled to appoint two representatives (including one of the two vice chairmen)
Scope of business:	Development, manufacture and marketing of electronic components, devices and equipment relating to display devices, including OLED

The First Option Agreement

Date:	7 March 2006
Parties:	The Company, Faith Crown, Kunshan Venture Capital and Shenzhen Tsinghua

LETTER FROM THE BOARD

Option holder:	Faith Crown
Option grantor:	Kunshan Venture Capital
Guarantor:	The Company
Consenting party:	Shenzhen Tsinghua
Subject of option and option period:	Shareholding equivalent to RMB120 million in the registered capital of Kunshan Visionox, exercisable in one or more trenches, in the first three years following Set Up Date
Exercise of option:	The option holder may exercise the option at any time during the option period. Upon exercise of the option, option grantor shall assign or cause to assign the subject of the option to the option holder or its nominee, and the option holder shall, within 60 days after the transfer of the shareholdings having been approved by the regulatory authorities, pay the option holder an amount of RMB120 million (equivalent to approximately HK\$116 million), or a pro-rated portion if only part of the option is being exercised, plus interest on such amount accrued at prevailing PRC commercial bank's lending rate from Set Up Date to the date of the option being exercised
Other condition:	The option holder agrees to buy back the shareholding of the option grantor in Kunshan Visionox at a consideration equivalent to 1.05 times of the amount having been contributed by the option grantor towards such shareholdings if Kunshan Visionox goes into liquidation within 36 months of the Set Up Date
Guarantee:	The guarantor undertakes to assume the obligations of the option holder should the latter fail to comply with any of the provisions of the First Option Agreement
Consent agreed:	The consenting party consents to the provisions of the First Option Agreement and agrees to waive any pre-emptive rights to the relevant shareholdings subject to the option and to execute any necessary documents and provide other necessary assistance to enable the First Option Agreement to be properly enforced

LETTER FROM THE BOARD

The Loan Agreement

Date:	7 March 2006
Parties:	Jiangmen Yeebo, RITUS and Shenzhen Tsinghua
Lender:	Jiangmen Yeebo
Borrower:	RITUS
Surety:	Shenzhen Tsinghua
Loan Amount:	RMB90 million (equivalent to approximately HK\$87 million)
Propose of the loan:	For investment of RITUS or Shenzhen Tsinghua in Kunshan Visionox
Applicable interest rate:	Interest free
Time period of the loan:	36 months following the Set Up Date
Repayment date:	Before the expiration of the time period of the loan or as further mutually agreed between the lender and the borrower
Collateral:	Pledge by the surety to the lender all the surety's shareholdings in Kunshan Visionox equivalent to RMB90 million in the registered capital
Alternative repayment arrangement:	Transfer of the surety's shareholding in Kunshan Visionox equivalent to RMB90 million in its registered capital to the lender or any party nominated by the lender will be considered as full repayment of the loan

The Second Option Agreement

Date:	7 March 2006
Parties:	Faith Crown, Jiangmen Yeebo, RITUS, Shenzhen Tsinghua and Kunshan Venture Capital
Option holder:	Faith Crown

LETTER FROM THE BOARD

Option grantor:	Shenzhen Tsinghua
Paying agent:	RITUS
Receiving agent:	Jiangmen Yeebo
Consenting party:	Kunshan Venture Capital
Subject of the option and option period:	Shareholdings equivalent to RMB60 million in the registered capital of Kunshan Visionox in the first three years following the Set Up Date; shareholdings equivalent to a further RMB30 million in the registered capital of Kunshan Visionox in the third year from the Set Up Date provided the option grantor has not confirmed in the first two years immediately after the Set Up Date that it will retain this RMB30 million shareholding
Exercise of option:	The option holder may exercise the option at any time during the option period. Upon exercise of the option, option grantor shall assign or cause to assign the subject of the option to the option holder or its nominee at a consideration which is equivalent to the amount of registered capital in Kunshan Visionox represented by the subject of the option being exercised, such amount shall be deemed to have been paid by the paying agent to the receiving agent as repayment of the loan due by RITUS to Jiangmen Yeebo under the Loan Agreement
Other conditions:	In the three years following the Set Up Date, the option grantor has the right to transfer, and the option holder has the obligation to accept, shareholdings equivalent to RMB90 million in the registered capital of Kunshan Visionox at a consideration of RMB90 million (equivalent to approximately HK\$87 million), such amount shall be deemed to have been paid by the paying agent to the receiving agent as repayment of the loan due by RITUS to Jiangmen Yeebo under the Loan Agreement

LETTER FROM THE BOARD

The option grantor may also retain shareholdings equivalent to RMB30 million in the registered capital of Kunshan Visionox in the first two years after the Set Up Date. If the option grantor confirms its intention to retain such RMB30 million shareholding, it should cause the paying agent to pay the receiving agent an amount of RMB30 million (equivalent to approximately HK\$29 million) as part repayment of the amount due by RITUS to Jiangmen Yeebo under the Loan Agreement plus interest accrued at the rate of 5.31% p.a

Rights and obligations attached
to the subject of the option

The option grantor agrees to assign to the option holder all rights and obligations attached to the subject of the options from the Set Up Date to the date of registration with the relevant authority of a change in the relevant shareholding in Kunshan Visionox

Consent agreed:

The consenting party consents to the provisions of this agreement and agrees to waive any pre-emptive rights to the relevant shareholdings subject to the option and to execute any necessary documents and provide other necessary assistance to enable the option agreements to be properly enforced.

3. INFORMATION ON KUNSHAN VIOSIONOX

Based on the terms of the JV Agreements, Kunshan Visionox will be set up as a sino-foreign enterprise under the laws of PRC. According to the JV Agreements, the initial period of operations of Kunshan Visionox is 30 years. Its registered capital at the date of establishment will be RMB400 million to be contributed by Faith Crown, Kunshan Visionox and Shenzhen Tsinghua in the amounts of RMB190 million (47.5%), RMB120 million (30%) and RMB90 million (22.5%), respectively. The principal activities of Kunshan Visionox will be the development, manufacture and marketing of electronic components, devices and equipment relating to display devices, including OLED. Kunshan Visionox will set up its production plant in Kunshan City of Jiangsu Province, PRC. The amount of registered capital contributed by the shareholders will be used for the construction of the production plant, the acquisition of plant and machinery as well as working capital purposes. Business activities will start as soon as Kunshan Visionox has obtained the business registration certificate and the other approval documents from the relevant government authorities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Kunshan Venture Capital, Shenzhen Tsinghua and RITUS as well as their ultimate beneficial owners are Independent Third Parties.

LETTER FROM THE BOARD

4. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is an investment holding company. The principal activities of the Group are the manufacture and sale of LCD and other display products.

It is the long term strategy of the Group to extend its business coverage to OLED products. The Group's investment in Beijing Visionox dated back two years ago was its initial investment in OLED undertaking and has now recompensed the Group with knowhow and capability to proceed with mass production of commercial OLED products. Jointly with Kunshan Venture Capital and Shenzhen Tsinghua, companies affiliated with the municipal government of Kunshan City in PRC and Beijing Tsinghua University respectively, the Group will set up Kunshan Visionox to design, manufacture and market commercial OLED products on a large scale.

Kunshan Visionox will set up its production plant in Kunshan City of Jiangsu Province, PRC. Kunshan Venture Capital being a founding shareholder of Kunshan Visionox will provide crucial advice and assistance in recruiting skilled labours, co-coordinating with government and regulatory organizations. Kunshan Venture Capital's investment in Kunshan Visionox is an act of the municipal government of Kunshan City showing their support to the Group's plan in establishing OLED production facilities in Kunshan City. Kunshan Venture Capital has also agreed to grant the Group the option to acquire Kunshan Venture Capital's shareholdings in Kunshan Visionox within a time period of 3 years.

Technological expertise and aptitude to innovate will be important to the eventual success of Kunshan Visionox. Therefore, the Group has agreed to advance a loan of RMB90 million (equivalent to approximately HK\$87 million) to RITUS, an affiliate of Tsinghua University, with a view to procuring Shenzhen Tsinghua, a renowned research expert in this field, to become a founding shareholder of Kunshan Visionox.

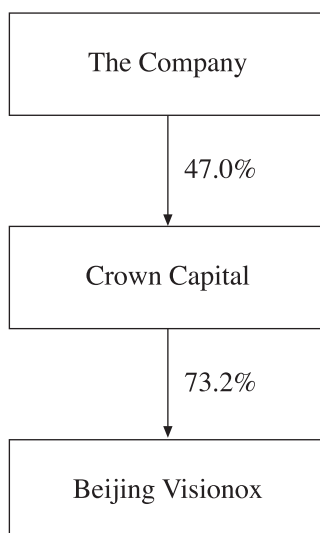
The Group has agreed with Shenzhen Tsinghua that the Group will have the option to acquire the shareholding of Shenzhen Tsinghua in Kunshan Visionox up to the extent of RMB60 million in the registered capital in the first three years following the Set Up Date. Unless Shenzhen Tsinghua confirms in the first two years following the Set Up Date of its intention to retain shareholding in Kunshan Visionox up to RMB30 million, the Group will have the option to acquire from Shenzhen Tsinghua further shareholding in Kunshan Visionox equivalent to RMB30 million of its registered capital in the third year following the Set Up Date.

If the Group exercises all the abovementioned options and acquires the interests of Kunshan Venture Capital and Shenzhen Tsinghua in Kunshan Visionox, the Group's shareholdings in Kunshan Visionox will increase to 100%.

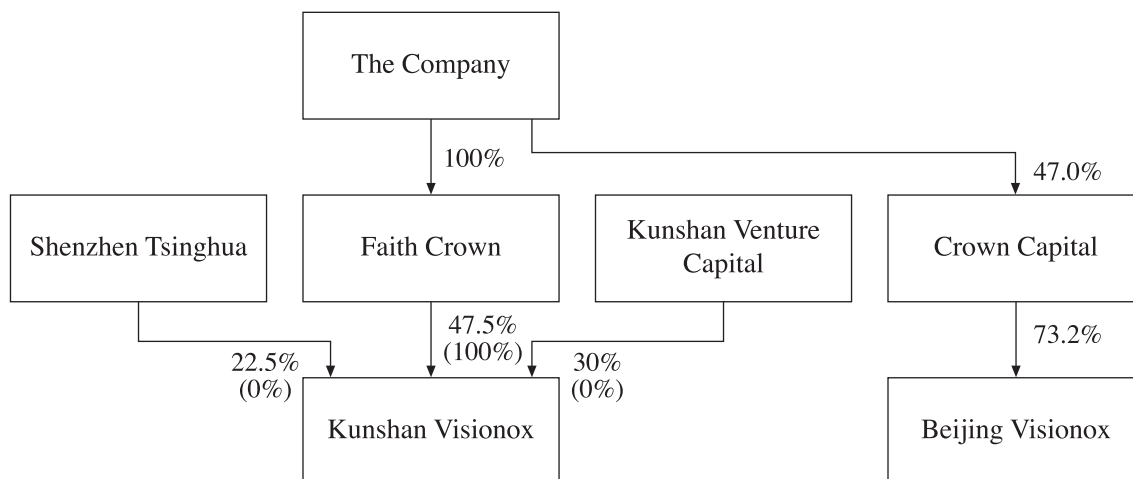
LETTER FROM THE BOARD

The existing structure and the proposed structure of the Group, so far as it relates to OLED undertaking, are as follows:

Existing structure



Proposed structure



Note: The percentage in parenthesis denotes percentage of shareholding if all options to acquire additional shares are exercised by the Group.

LETTER FROM THE BOARD

The consideration of the Transactions was determined after arm's length negotiations between the relevant parties. The amount to be invested by the Group in Kunshan Visionox (RMB190 million, equivalent to approximately HK\$183 million) and the amount of loan to be advanced to RITUS (RMB90 million, equivalent to approximately HK\$87 million) are based on the amount of registered capital of Kunshan Visionox to be contributed by Faith Crown and Shenzhen Tsinghua, respectively. The Board considers that the terms of the Transactions are fair and reasonable and in the best interests of the Shareholders as a whole. The consideration of the Transactions will be financed by internal resources and, if necessary, bank borrowings.

5. FINANCIAL EFFECTS

Kunshan Visionox has not yet been incorporated and hence has not recorded any transaction. Upon the establishment of Kunshan Visionox, the Group will contribute 47.5% of its registered capital. According to the terms of the Second Option Agreement, Shenzhen Tsinghua has agreed to assign all rights and obligations attached to the its holding of 22.5% of the registered capital of Kunshan Visionox to Faith Crown. As such the Group would have an aggregate economic interest in 70% of the registered capital of Kunshan Visionox. Kunshan Visionox will be treated as an indirect subsidiary of the Company, and its assets, liabilities and results will be consolidated in the accounts of the Group. The Directors, after consultation with the Company's auditors, confirmed that such treatment complied with the relevant accounting standards in Hong Kong.

The Directors currently intend that the capital contribution to Kunshan Visionox of RMB190 million (equivalent to approximately RMB183 million) and the loan to RITUS of RMB90 million (equivalent to approximately RMB87 million) will be funded by internal resources and, if necessary, bank borrowings. Pro forma financial information regarding the assets and liabilities of the Group as a result of the Transactions is set out in Appendix II to this circular.

The Directors believe that Kunshan Visionox will, in the long run, contribute positively to the earnings of the Group. However, the quantum and timing of the contribution cannot be estimated with reasonable certainty at present.

6. LISTING RULES IMPLICATIONS

The Transactions constitute a major transaction under the Listing Rules and are conditional upon the approval of Shareholders. Pursuant to rule 14.44 of the Listing Rules, such approval may be obtained by means of written approval by Shareholders holding more than 50% in nominal value of the shares giving the right to attend and vote at a general meeting. Antrix which at the Latest Practicable Date holds 697,692,368 Shares or approximately 66.9% of the issued share capital of the Company has given a written approval of the Transactions under the said rule 14.44. To the best of the knowledge, information and belief of the Directors, no Shareholder, including Antrix, has an interest in the Transactions except as a shareholder of the Company, therefore no Shareholder would be required to abstain from voting at a general meeting of the Company to approve the Transactions. Accordingly, the

LETTER FROM THE BOARD

written approval provided by Antrix constitutes a valid approval of the Transactions, a general meeting of the Company for the Shareholders to approve the Transactions will not be required, and the Transactions have become unconditional.

7. FURTHER INFORMATION

Your attention is drawn to the appendices to this circular which contain certain additional information in relation to the Company

Yours faithfully,
For and on behalf of
Yeebo (International Holdings) Limited
Li Kwok Wai, Frankie
Director

A. FINANCIAL SUMMARY

Set out below is a summary of the consolidated results and assets and liabilities of the Group extracted from the relevant interim report and annual reports of the Company:

Results

	Six months ended		For the year ended 31 March		
	30 September		2005	2004	2003
	2005	2004	2005	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Turnover	<u>203,228</u>	<u>209,340</u>	<u>387,293</u>	<u>308,187</u>	<u>273,181</u>
Profit (loss) before income tax	31,972	13,888	193,424	54,957	(21,871)
Income tax expense	<u>1,431</u>	<u>1,188</u>	<u>930</u>	<u>738</u>	<u>1,191</u>
Profit (loss) for the year/period	<u>30,541</u>	<u>12,700</u>	<u>192,494</u>	<u>54,219</u>	<u>(23,062)</u>
Earnings (loss) per share					
Basic	<u>2.93 cents</u>	<u>1.22 cents</u>	<u>18.45 cents</u>	<u>5.20 cents</u>	<u>(2.21 cents)</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****Assets and Liabilities**

	30 September		31 March	
	2005	2005	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)	(audited)
Property, plant and equipment	176,884	184,570	152,806	128,389
Investment properties	–	1,200	254,900	193,000
Deposits for acquisition of plant and equipment	1,518	1,912	8,886	3,328
Interests in associates	31,900	34,033	39,172	–
Investments in non-trading securities	–	10,550	–	–
Available-for-sale-investments	142,791	–	–	–
Club debentures	1,459	1,459	1,459	1,459
Net current assets	<u>275,078</u>	<u>341,888</u>	<u>134,023</u>	<u>126,869</u>
	<u>629,630</u>	<u>575,612</u>	<u>591,246</u>	<u>453,045</u>
Shareholders' funds	602,612	575,594	455,157	339,655
Non-current liabilities	<u>27,018</u>	<u>18</u>	<u>136,089</u>	<u>113,390</u>
	<u>629,630</u>	<u>575,612</u>	<u>591,246</u>	<u>453,045</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

Set out below is a summary of the consolidated results and assets and liabilities of Nantong Jianghai and its subsidiaries extracted from the accountants' report incorporated in the circular to the Shareholders dated 23 December 2005:

Results

	Six months ended		For the year ended		
	30 June		31 December		
	2005	2004	2004	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>RMB\$'000</i>	<i>RMB\$'000</i>	<i>RMB\$'000</i>
	(audited)	(unaudited)	(audited)	(audited)	(audited)
Turnover	<u>126,172</u>	<u>149,273</u>	<u>322,474</u>	<u>261,284</u>	<u>249,597</u>
Profit before income tax	10,141	15,381	24,211	31,002	12,840
Income tax expense	<u>2,487</u>	<u>3,663</u>	<u>5,898</u>	<u>8,316</u>	<u>5,654</u>
Profit for the year/period	<u>7,654</u>	<u>11,718</u>	<u>18,313</u>	<u>22,686</u>	<u>7,186</u>

Assets and Liabilities

	30 June		31 December	
	2005	2004	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)	(audited)
Property, plant and equipment	88,105	85,140	79,767	68,857
Lease prepayments	3,347	3,386	2,253	344
Intangible assets	47	54	68	–
Deferred tax assets	1,805	1,931	416	–
Interests in associates	4,977	5,067	6,541	7,057
Investments in jointly controlled entities	15,397	15,295	12,535	11,099
Net current assets	<u>26,980</u>	<u>23,511</u>	<u>13,709</u>	<u>7,833</u>
	<u>140,658</u>	<u>134,384</u>	<u>115,289</u>	<u>95,190</u>
Equity attributable to:				
Shareholders of Nantong				
Jianghai	127,612	119,601	103,087	79,720
Minority interests	5,965	6,880	4,437	1,286
Non-current liabilities	<u>7,081</u>	<u>7,903</u>	<u>7,765</u>	<u>14,184</u>
	<u>140,658</u>	<u>134,384</u>	<u>115,289</u>	<u>95,190</u>

B. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE TWO YEARS ENDED 31 MARCH 2005

Set out below is the audited financial statements of the Group for the two years ended 31 March, 2005 as extracted from the Company's 2005 annual report.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2005

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Turnover	4 & 5	387,293	308,187
Cost of sales		<u>(321,891)</u>	<u>(257,066)</u>
Gross profit		65,402	51,121
Other operating income		4,802	4,369
Selling and distribution expenses		(29,516)	(12,607)
Administrative expenses		(24,895)	(24,920)
Gain on disposal of investment properties		193,905	–
Realised gain on derivative financial instruments		654	–
Revaluation increase on investment properties	14	300	608
Unrealised loss on derivative financial instruments		(7,779)	–
Transfer of previously recognised revaluation decrease of investment properties from investment property revaluation reserve	14	(1,478)	–
Unrealised (loss) gain on investments in trading securities		(448)	22,682
Gain on disposal of investments in trading securities		<u>–</u>	<u>17,899</u>
Profit from operations	6	200,947	59,152
Finance costs	7	(2,436)	(3,376)
Share of results of associates		<u>(5,087)</u>	<u>(819)</u>
Profit before income tax		193,424	54,957
Income tax expense	10	<u>930</u>	<u>738</u>
Profit for the year		<u>192,494</u>	<u>54,219</u>
Dividend	11	<u>15,653</u>	<u>10,436</u>
Earnings per share	12		
Basic		<u>18.45 cents</u>	<u>5.20 cents</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****CONSOLIDATED BALANCE SHEET***As at 31st March, 2005*

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	13	184,570	152,806
Investment properties	14	1,200	254,900
Deposits for acquisition of plant and equipment		1,912	8,886
Interests in associates	17	34,033	39,172
Investments in non-trading securities	18	10,550	–
Club debentures	19	1,459	1,459
		<u>233,724</u>	<u>457,223</u>
Current assets			
Inventories	20	99,747	77,154
Trade and other receivables	21	85,621	93,736
Bills receivable	21	308	4,604
Investments in trading securities	18	89,318	56,595
Tax recoverable		456	–
Bank balances and cash		169,686	10,270
		<u>445,136</u>	<u>242,359</u>
Current liabilities			
Trade and other payables	22	90,599	78,533
Bills payable	22	913	2,548
Amount due to an associate	23	3,513	3,917
Taxation payable		–	1,244
Derivative financial instruments	24	8,223	–
Bank borrowings – due within one year	25	–	22,094
		<u>103,248</u>	<u>108,336</u>
Net current assets		<u>341,888</u>	<u>134,023</u>
Total assets less current liabilities		<u>575,612</u>	<u>591,246</u>
Non-current liabilities			
Bank borrowings – due after one year	25	–	135,969
Deferred taxation	26	18	120
		<u>18</u>	<u>136,089</u>
		<u>575,594</u>	<u>455,157</u>
Capital and reserves			
Share capital	27	208,713	208,713
Reserves		366,881	246,444
		<u>575,594</u>	<u>455,157</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****BALANCE SHEET***As at 31st March, 2005*

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Non-current assets			
Investments in subsidiaries	<i>15</i>	83,384	83,384
Amounts due from subsidiaries	<i>16</i>	288,639	289,744
Investment in an associate	<i>17</i>	40,000	40,000
		<u>412,023</u>	<u>413,128</u>
Current assets			
Other receivables		235	190
Bank balances and cash		<u>155</u>	<u>88</u>
		<u>390</u>	<u>278</u>
Current liabilities			
Other payables		737	370
Amounts due to subsidiaries		<u>286</u>	<u>286</u>
		<u>1,023</u>	<u>656</u>
Net current liabilities		<u>(633)</u>	<u>(378)</u>
		<u>411,390</u>	<u>412,750</u>
Capital and reserves			
Share capital	<i>27</i>	208,713	208,713
Reserves	<i>28</i>	<u>202,677</u>	<u>204,037</u>
		<u>411,390</u>	<u>412,750</u>

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st March, 2005

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Investment property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profit (deficit) HK\$'000	Total HK\$'000
THE GROUP									
At 1st April, 2003	208,713	147,303	2,125	1,347	–	–	–	(19,833)	339,655
Revaluation increase of investment properties (note 14)	–	–	–	–	61,292	–	–	–	61,292
Exchange difference arising from translation of financial statements of an associate	–	–	–	–	–	–	(9)	–	(9)
Net gains (losses) not recognised in the consolidated income statement	–	–	–	–	61,292	–	(9)	–	61,283
Profit for the year	–	–	–	–	–	–	–	54,219	54,219
At 31st March, 2004 and 1st April, 2004	208,713	147,303	2,125	1,347	61,292	–	(9)	34,386	455,157
Revaluation increase of investment properties (note 14)	–	–	–	–	126,000	–	–	–	126,000
Unrealised loss on investments in non-trading securities	–	–	–	–	–	(277)	–	–	(277)
Exchange difference arising from translation of financial statements of an associate	–	–	–	–	–	–	(52)	–	(52)
Net gains (losses) not recognised in the consolidated income statement	–	–	–	–	126,000	(277)	(52)	–	125,671
Release upon disposal of investment properties	–	–	–	–	(188,770)	–	–	–	(188,770)
Transfer of previously recognised revaluation decrease of investment properties to consolidated income statement (note 14)	–	–	–	–	1,478	–	–	–	1,478
Dividend paid	–	–	–	–	–	–	–	(10,436)	(10,436)
Profit for the year	–	–	–	–	–	–	–	192,494	192,494
At 31st March, 2005	208,713	147,303	2,125	1,347	–	(277)	(61)	216,444	575,594

The retained profit of the Group includes deficit of HK\$5,906,000 (2004: HK\$819,000) attributable to associates of the Group as at 31st March, 2005.

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

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31st March, 2005*

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities		
Profit from operations	200,947	59,152
Adjustments for:		
Depreciation and amortisation	27,278	23,195
Unrealised loss on derivative financial instruments	7,779	–
Allowance for doubtful debts	6,357	1,251
Transfer of previously recognised revaluation decrease of investment properties from investment property revaluation reserve	1,478	–
Unrealised loss (gain) on investments in trading securities	448	(22,682)
Loss (gain) on disposals of property, plant and equipment	158	(74)
Gain on disposal of investment properties	(193,905)	–
Dividend income	(1,605)	(1,737)
Realised gain on derivative financial instruments	(654)	–
Interest income	(427)	(56)
Revaluation increase of investment properties	(300)	(608)
Gain on disposal of investments in trading securities	–	(17,899)
Operating cash flows before movements in working capital	47,554	40,542
Increase in inventories	(22,593)	(4,843)
Decrease (increase) in trade and other receivables	1,553	(24,802)
Decrease (increase) in bills receivable	4,296	(2,888)
Increase in trade and other payables	12,449	25,373
(Decrease) increase in bills payable	(1,635)	1,561
Cash generated from operations	41,624	34,943
Hong Kong Profits Tax paid	(2,189)	(9)
Income tax paid in the People's Republic of China (the "PRC")	(543)	–
Net cash from operating activities	38,892	34,934

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Investing activities		
Net proceeds from disposal of investment properties	385,135	–
Dividend received	1,639	2,768
Proceeds from sale of derivative financial instruments	1,098	–
Interest received	427	56
Proceeds from disposals of property, plant and equipment	30	185
Purchase of property, plant and equipment	(50,344)	(44,395)
Purchase of investments in trading securities	(33,000)	–
Purchase of investments in non-trading securities	(10,827)	–
Deposits paid for acquisition of plant and equipment	(1,912)	(8,886)
Proceeds on disposal of investments in trading securities	–	49,568
Investment in an associate	–	(40,000)
Net cash from (used in) investing activities	292,246	(40,704)
Financing activities		
(Repayment) advance of bank loans	(157,765)	11,496
Dividend paid	(10,436)	–
Interest paid	(2,819)	(2,993)
(Decrease) increase in amount due to an associate	(404)	3,917
Repayments of trust receipt loans	–	(12,362)
Net cash (used in) from financing activities	(171,424)	58
Net increase (decrease) in cash and cash equivalents	159,714	(5,712)
Cash and cash equivalents at beginning of the year	9,972	15,684
Cash and cash equivalents at end of the year, represented by	169,686	9,972
Being:		
Bank balances and cash	169,686	10,270
Bank overdrafts	–	(298)
	169,686	9,972

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31st March, 2005***1. GENERAL**

The Company was incorporated in Bermuda on 8th June, 1993 as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. Details of the principal activities of the Company’s principal subsidiaries and associates are set out in notes 15 and 17, respectively.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (hereinafter collectively referred to as “new HKFRSs”) which are effective for accounting periods beginning on or after 1st January, 2005 except for HKFRS 3 Business Combinations. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st March, 2005.

HKFRS 3 is applicable to business combinations for which the agreement date is on or after 1st January, 2005. The Group has not entered into any business combination for which the agreement date is on or after 1st January, 2005. Therefore HKFRS 3 did not have any impact on the Group for the year ended 31st March, 2005.

The Group has commenced considering the potential impact of other new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties, investments in securities and derivative financial instruments, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, made up to 31st March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions, balances and cash flows are eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company’s balance sheet at cost less any identified impairment losses.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group’s interest in the fair value of the identified assets and liabilities of an associate at the date of acquisition.

Goodwill is capitalised and amortised on a straight-line basis over the useful economic life. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate.

Interests in associates

The consolidated income statement includes the Group’s share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group’s share of the net assets of the associates.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For non-trading securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in the net profit or loss for the period.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses.

Depreciation and amortisation are provided to write off the costs of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Land	Over the term of the lease
Buildings	Over the estimated useful lives of 20 years
Furniture and fixtures	10 – 25%
Office equipment	15 – 25%
Plant and machinery	10 – 15%
Motor vehicles	10 – 20%

No provision for depreciation has been made on machinery under installation until such time as the relevant asset is completed and put into use.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Club debentures

Club debentures, which are held for long-term purpose, are measured at cost as reduced by any impairment losses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Derivative financial instruments

Derivative financial instruments are initially measured at fair value on contract dates, and are re-measured to fair value at subsequent reporting dates. Changes in fair value are recognised in the income statement as they arise.

Revenue recognition

Sale of goods is recognised when goods are delivered and title has passed.

Rental income, including rentals invoiced in advance, from properties under operating lease is recognised on a straight-line basis over the relevant lease term.

Dividend income from investments is recognised when the shareholders' rights to receive payments have been established.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as expenses as they fall due.

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 net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative 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 arising on investments in subsidiaries and 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease term.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the income statement.

On consolidation, the financial statements of the subsidiaries which are denominated in currencies other than Hong Kong dollars are translated using the temporal method where the operations of the subsidiaries outside Hong Kong are dependent on the economic circumstances of the Company's reporting currency. Exchange differences arising on consolidation are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's associates are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

4. TURNOVER

Turnover represents the amounts received and receivable for goods sold, less returns and allowances, and rental income received and receivable during the year.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purpose, the Group was organised into three operating divisions – liquid crystal displays ("LCDs"), investment property holding and others. These divisions are the bases on which the Group reports its primary segment information.

The principal activities of the Group are as follows:

LCDs – manufacture and sale of LCDs

Investment property holding – investment properties held under operating leases

Others – manufacture and sales of products other than LCDs

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

Segmental information about these businesses is presented below:

2005

	LCDs HK\$'000	Investment property holding HK\$'000	Others HK\$'000	Consolidated HK\$'000
<i>Segment revenue</i>				
External sales	326,457	–	48,745	375,202
Rental income	–	12,091	–	12,091
	<u>326,457</u>	<u>12,091</u>	<u>48,745</u>	<u>387,293</u>
<i>Result</i>				
Segment result	<u>15,876</u>	<u>8,536</u>	<u>(5,966)</u>	18,446
Dividend income				1,605
Interest income				427
Gain on disposal of investment properties		193,905		193,905
Revaluation increase in investment properties		300		300
Realised gain on derivative financial instruments				654
Unrealised loss on derivative financial instruments				(7,779)
Transfer of previously recognised revaluation decrease of investment properties from investment property revaluation reserve		(1,478)		(1,478)
Unrealised loss on investments in trading securities				(448)
Unallocated corporate expenses				<u>(4,685)</u>
Profit from operations				200,947
Finance costs				(2,436)
Share of results of associates			(5,087)	<u>(5,087)</u>
Profit before income tax				193,424
Income tax expense				<u>930</u>
Profit for the year				<u><u>192,494</u></u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****2005***Consolidated balance sheet*

	LCDs	Investment property holding	Others	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets				
Segment assets	351,107	1,200	40,882	393,189
Interests in associates			34,033	34,033
Tax recoverable				456
Unallocated corporate assets				251,182
				<u>678,860</u>
Consolidated total assets				<u>678,860</u>
Liabilities				
Segment liabilities	84,586	4,580	5,859	95,025
Derivative financial instruments				8,223
Deferred taxation				18
				<u>103,266</u>
Consolidated total liabilities				<u>103,266</u>
Other information				
Additions to property, plant and equipment	47,323	–	11,907	59,230
Allowance for doubtful debts	6,357	–	–	6,357
Depreciation and amortisation	24,846	–	2,432	27,278
(Loss) gain on disposal of property, plant and equipment	(188)	–	30	(158)
	<u>(188)</u>	<u>–</u>	<u>30</u>	<u>(158)</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP***2004*

	LCDs <i>HK\$'000</i>	Investment property holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Segment revenue</i>				
External sales	277,465	–	16,231	293,696
Rental income	–	14,491	–	14,491
	<u>277,465</u>	<u>14,491</u>	<u>16,231</u>	<u>308,187</u>
<i>Result</i>				
Segment result	<u>11,957</u>	<u>12,172</u>	<u>(1,135)</u>	22,994
Dividend income				1,737
Interest income				56
Gain on disposal of investments in trading securities				17,899
Unrealised gain on investments in trading securities				22,682
Unallocated corporate expenses				<u>(6,216)</u>
Profit from operations				59,152
Finance costs				(3,376)
Share of results of associates			(819)	<u>(819)</u>
Profit before income tax				54,957
Income tax expense				<u>738</u>
Profit for the year				<u>54,219</u>

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

2004

Consolidated balance sheet

	LCDs HK\$'000	Investment property holding HK\$'000	Others HK\$'000	Consolidated HK\$'000
Assets				
Segment assets	332,395	254,900	15,061	602,356
Interests in associates			39,172	39,172
Unallocated corporate assets				58,054
				<u>699,582</u>
Consolidated total assets				<u>699,582</u>
Liabilities				
Segment liabilities	79,522	1,664	3,812	84,998
Borrowings				158,063
Taxation payable				1,244
Deferred taxation				120
				<u>244,425</u>
Consolidated total liabilities				<u>244,425</u>
Other information				
Additions to property, plant and equipment	46,900	—	823	47,723
Allowance for doubtful debts	1,251	—	—	1,251
Depreciation and amortisation	22,600	—	595	23,195
Gain on disposal of property, plant and equipment	74	—	—	74
	<u>74</u>	<u>—</u>	<u>—</u>	<u>74</u>

Geographical segments

The Group's operations are mainly located in Hong Kong and other regions of the PRC. The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of goods or services.

	Turnover by geographical market	
	2005 HK\$'000	2004 HK\$'000
Hong Kong, the PRC	290,585	266,866
Other regions of the PRC	31,223	17,599
Other countries	65,485	23,722
	<u>387,293</u>	<u>308,187</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amount of geographical assets		Additions to property, plant and equipment	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Hong Kong, the PRC	357,628	460,337	1,992	602
Other regions of the PRC	321,232	239,245	57,238	47,121
	<u>678,860</u>	<u>699,582</u>	<u>59,230</u>	<u>47,723</u>

6. PROFIT FROM OPERATIONS

	2005 HK\$'000	2004 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	600	600
Cost of inventories recognised as expenses	321,891	257,066
Depreciation and amortisation	27,278	23,195
Loss on disposals of property, plant and equipment	158	–
Staff costs, including directors' emoluments (<i>note 8</i>)	88,934	74,000
Allowance for doubtful debts	6,357	1,251
and after crediting:		
Dividend income from listed securities	1,605	1,737
Gain on disposals of property, plant and equipment	–	74
Interest income on bank deposits	427	25
Interest income from an associate	<u>–</u>	<u>31</u>

7. FINANCE COSTS

	2005 HK\$'000	2004 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	2,436	792
Bank borrowings not wholly repayable within five years	<u>–</u>	<u>2,584</u>
	<u>2,436</u>	<u>3,376</u>

8. DIRECTORS' EMOLUMENTS

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Fees:		
Independent non-executive directors	300	200
Other emoluments:		
Salaries and other benefits	2,985	3,438
Retirement benefit scheme contributions	77	160
	<u>3,362</u>	<u>3,798</u>
Total emoluments	<u>3,362</u>	<u>3,798</u>

The emoluments of the directors were within the following bands:

	Number of directors 2005	2004
Up to HK\$1,000,000	4	3
HK\$1,000,001 to HK\$1,500,000	2	2
	<u>2</u>	<u>2</u>

9. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2004: three) were directors of the Company whose emoluments are included in note 8 above. The emoluments of the remaining three (2004: two) individuals were as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Salaries and other benefits	2,300	1,200
Retirement benefit scheme contributions	98	60
	<u>2,398</u>	<u>1,260</u>
Total emoluments	<u>2,398</u>	<u>1,260</u>

Each of their emoluments was within HK\$1,000,000 for both years.

10. INCOME TAX EXPENSE

	2005 HK\$'000	2004 HK\$'000
The income tax expense comprises:		
Current tax		
Hong Kong	495	1,253
Other region in the PRC	543	–
	<u>1,038</u>	<u>1,253</u>
Overprovision in prior years		
Hong Kong	(6)	–
Deferred taxation (<i>note 26</i>)		
Current year	(102)	(574)
Attributable to a change in tax rate	–	59
	<u>(102)</u>	<u>(515)</u>
	<u>930</u>	<u>738</u>

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profit for the year. In June 2003, the Hong Kong Profits Tax rate was increased from 16% to 17.5% with effect from the 2003/2004 year of assessment. The effect of this increase had been reflected in the calculation of current tax and deferred tax balance at 31st March, 2004.

No provision for Hong Kong Profits Tax has been made in the financial statements for the year ended 31st March, 2005 in respect of the gain on disposal of investment properties of HK\$193,905,000 as in the opinion of the directors, the gain is of capital nature and thus the amount is not subject to Hong Kong Profits Tax.

The PRC income tax for the year is calculated at the rate prevailing in the relevant jurisdiction. No provision for PRC income tax had been made in the financial statements for 31st March, 2004 as the operations in the PRC had no assessable profit for the year.

Details of deferred taxation are set out in note 26.

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

The income tax expense for the year can be reconciled to the profit before income tax per the income statement as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Profit before income tax	193,424	54,957
Tax at Hong Kong Profits Tax rate of 17.5% (2004: 17.5%)	33,849	9,618
Tax effect of tax losses not recognised in the current year	3,336	100
Tax effect of share of results of associates	890	143
Tax effect of expenses that are not deductible for tax purpose	279	82
Tax effect of income not taxable for tax purpose	(37,406)	(2,818)
Overprovision in prior year	(6)	–
Utilisation of tax losses previously not recognised	(12)	(6,446)
Increase in opening deferred tax liability resulting from an increase in Hong Kong Profits Tax rate	–	59
Income tax expense for the year	930	738

11. DIVIDEND

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Final proposed – HK1.5 cent per ordinary share	15,653	10,436

The final dividend of HK1.5 cent (2004: HK1 cent) per ordinary share has been proposed by the directors and is subject to approval by the shareholders in the general meeting.

12. EARNINGS PER SHARE

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

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Earnings for the purposes of basic earnings per share	192,494	54,219

	Number of shares	
	2005	2004
	<i>'000</i>	<i>'000</i>
Number of ordinary shares for the purposes of basic earnings per share	1,043,564	1,043,564

No diluted earnings per share have been presented for both years as there were no potential ordinary shares in issue.

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FINANCIAL INFORMATION ON THE GROUP

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Machinery under installation <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP							
COST							
At 1st April, 2004	13,784	22,429	7,687	213,523	4,605	37,237	299,265
Additions	3,874	2,578	2,875	37,951	699	11,253	59,230
Disposals	–	(4)	(450)	(5,913)	(1,323)	–	(7,690)
Transfers	–	3,381	–	23,081	–	(26,462)	–
At 31st March, 2005	17,658	28,384	10,112	268,642	3,981	22,028	350,805
DEPRECIATION AND AMORTISATION							
At 1st April, 2004	2,756	13,110	3,114	124,342	3,137	–	146,459
Provided for the year	837	2,622	1,255	22,078	486	–	27,278
Eliminated on disposals	–	(4)	(431)	(5,744)	(1,323)	–	(7,502)
At 31st March, 2005	3,593	15,728	3,938	140,676	2,300	–	166,235
NET BOOK VALUES							
At 31st March, 2005	14,065	12,656	6,174	127,966	1,681	22,028	184,570
At 31st March, 2004	11,028	9,319	4,573	89,181	1,468	37,237	152,806

The net book value of the land and buildings shown above comprises:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Land and buildings in Hong Kong held under medium-term leases	4,242	4,421
Land and buildings outside Hong Kong held under:		
Freehold	546	–
Long lease	–	24
Medium-term lease	9,277	6,583
	14,065	11,028

14. INVESTMENT PROPERTIES

THE GROUP

	2005 HK\$'000	2004 HK\$'000
At beginning of the year	254,900	193,000
Revaluation increase credited to investment property revaluation reserve	126,000	61,292
Revaluation increase credited to consolidated income statement	300	608
Disposals	(380,000)	–
	<u>1,200</u>	<u>254,900</u>
At end of the year	<u>1,200</u>	<u>254,900</u>

The Group's investment properties are situated in Hong Kong and are held under long leases. They are rented to third parties under operating leases.

For the year ended 31st March, 2005

On 23rd November, 2004, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of certain of its investment properties with a carrying value of HK\$380,000,000 (the "Investment Properties") for a consideration of HK\$390,000,000. The Investment Properties were revalued at 31st October, 2004 by Dudley Surveyors Limited ("Dudley"), a firm of independent valuers, on an open market value basis, for inclusion in a circular dated 17th December, 2004 in respect of such disposal. The revaluation gave rise to a revaluation increase of HK\$126,000,000 being credited to investment property revaluation reserve. The disposal was completed on 1st February, 2005 with a net gain of HK\$193,905,000, net of relevant expenses, being credited to the consolidated income statement upon the release of the investment property revaluation reserve of HK\$188,770,000.

The remaining investment properties (the "Remaining Properties") were revalued at 31st March, 2005 by Dudley on an open market value basis. The revaluation gave rise to a revaluation increase of HK\$300,000 being credited to the consolidated income statement to reverse previously recognised revaluation decrease. Upon the disposal of the Investment Properties, the previously recognised revaluation decrease of the Remaining Properties amounting to HK\$1,478,000 was transferred to the consolidated income statement from the investment property revaluation reserve.

For the year ended 31st March, 2004

The investment properties were revalued at 31st March, 2004 by Dudley on an open market value basis. The revaluation gave rise to a revaluation increase of HK\$61,900,000, of which HK\$608,000 had been credited to the consolidated income statement, the remaining HK\$61,292,000 had been credited to investment property revaluation reserve.

At 31st March, 2004, certain of the Group's investment properties with a carrying value of HK\$254,000,000 were pledged to a bank to secure banking facilities granted to the Group. All the bank borrowings were fully repaid during the current year upon the disposal of the investment properties.

15. INVESTMENTS IN SUBSIDIARIES

THE COMPANY

	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	<u>83,384</u>	<u>83,384</u>

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The carrying amount of the unlisted shares is based on the book values of the underlying separable net assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the Group.

Details of the Company's principal subsidiaries at 31st March, 2005 are as follows:

Name of subsidiary	Legal form of business	Place of incorporation or registration/ operations	Issued and fully paid up share/registered capital	Percentage of nominal value of issued share/registered capital held by the Company	Principal activities
Dongguan Yeedu Semiconductor Co., Ltd. <i>(Note)</i>	Sino-foreign corporate joint venture	The PRC	US\$1,496,000 registered capital	85% <i>(Note)</i>	Manufacture of LCDs
Jiangmen Yeebo Electronic Technology Ltd.	Wholly-owned foreign enterprise	The PRC	US\$5,000,000 registered capital	100%	Manufacture of liquid crystal display module ("LCM")
Jiangmen Yeebo Semiconductor Co., Ltd. <i>(Note)</i>	Sino-foreign corporate joint venture	The PRC	US\$9,307,000 registered capital	80% <i>(Note)</i>	Manufacture of LCDs
LCD Industries Limited	Incorporated	British Virgin Islands/ The PRC	US\$1	100%	Development and trading of LCDs and LCMs
Yeebo (B.V.I.) Limited	Incorporated	British Virgin Islands	US\$8,100	100%	Investment holding
Yeebo LCD Limited	Incorporated	Hong Kong	HK\$10,000	100%	Development and trading of LCDs and LCMs and investment holding
Yeebo Technology Limited	Incorporated	Hong Kong	HK\$10,000	100%	Investment and property holding

Note: Dongguan Yeedu Semiconductor Co., Ltd. and Jiangmen Yeebo Semiconductor Co., Ltd. were established by the Group with two separate parties in the PRC as sino-foreign co-operative joint ventures. Under the respective subcontracting agreements, the Group is responsible for all of their assets and liabilities and is entitled to all of the net results of their operations. The Group therefore effectively has a 100% attributable economic interest in these subsidiaries.

The above table only includes those subsidiaries which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Yeebo (B.V.I.) Limited which is a directly owned subsidiary, all of the remaining subsidiaries are indirectly owned by the Company.

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

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****16. AMOUNTS DUE FROM SUBSIDIARIES****THE COMPANY**

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Amounts due from subsidiaries	669,929	671,034
Less: Allowances	(381,290)	(381,290)
	<u>288,639</u>	<u>289,744</u>

The amounts are unsecured, non-interest bearing and have no fixed repayment terms.

In the opinion of the directors, the amounts due from subsidiaries will not be repayable in the next twelve months from the balance sheet date and, accordingly, the amounts are shown as non-current assets in the balance sheet.

17. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Unlisted shares, at cost	–	–	40,000	40,000
Share of net assets	31,797	36,683	–	–
Goodwill of associates	2,236	2,489	–	–
	<u>34,033</u>	<u>39,172</u>	<u>40,000</u>	<u>40,000</u>

Details of the Group's principal associates as at 31st March, 2005 are as follows:

Name	Form of business	Place of incorporation or registration/operation	Percentage of nominal value of issued capital/registered capital held by the Company		Issued and fully paid up share/registered capital	Principal activities
			Directly	Indirectly		
Crown Capital Holdings Limited ("Crown Capital")	Incorporated	BVI	47.05%	–	US\$8,502	Investment holding
Beijing Visionox Technology Co., Limited ("Visionox")	Incorporated	PRC	–	34.45%	RMB82,142,900	Development, manufacturing and marketing of organic light emitting display products

The goodwill of the associates arose on the acquisition of Crown Capital and Visionox for the year ended 31st March, 2004. In the current year, an amortisation of goodwill amounting to HK\$253,000 (2004: HK\$42,000) has been included in the share of results of the associates. The goodwill is amortised over a period of 10 years.

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

The following details have been extracted from the audited consolidated financial statements of Crown Capital:

Results for the year

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Turnover	<u>1,393</u>	<u>24</u>
Loss before income tax	<u>(10,274)</u>	<u>(1,651)</u>
Loss before income tax attributable to the Group	<u>(4,834)</u>	<u>(777)</u>

Financial position

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Non-current assets	85,160	86,298
Current assets	19,931	27,387
Current liabilities	(9,230)	(2,607)
Non-current liabilities	<u>(28,279)</u>	<u>(33,111)</u>
Net assets	<u>67,582</u>	<u>77,967</u>
Net assets attributable to the Group	<u>31,797</u>	<u>36,683</u>

18. INVESTMENTS IN SECURITIES**THE GROUP**

	Trading securities		Non-trading securities		Total	
	2005	2004	2005	2004	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity securities listed in Hong Kong at market value	<u>89,318</u>	<u>56,595</u>	<u>10,550</u>	<u>–</u>	<u>99,868</u>	<u>56,595</u>
Carrying amount analysed for reporting purposes as:						
Current	89,318	56,595	–	–	89,318	56,595
Non-current	<u>–</u>	<u>–</u>	<u>10,550</u>	<u>–</u>	<u>10,550</u>	<u>–</u>
	<u>89,318</u>	<u>56,595</u>	<u>10,550</u>	<u>–</u>	<u>99,868</u>	<u>56,595</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****19. CLUB DEBENTURES****THE GROUP**

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
At cost	2,659	2,659
Less: Impairment losses	(1,200)	(1,200)
Carrying amount	<u>1,459</u>	<u>1,459</u>

In the opinion of the directors, the club debentures were worth at least their carrying values as at 31st March, 2005 with reference to the current market value.

20. INVENTORIES**THE GROUP**

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Raw materials	64,385	44,753
Work in progress	2,434	5,099
Finished goods	<u>32,928</u>	<u>27,302</u>
	<u>99,747</u>	<u>77,154</u>

Included above are raw materials of approximately HK\$9,974,000 (2004: HK\$10,077,000) which are carried at net realisable value.

21. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLES

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

The following is an aged analysis of trade receivables at the balance sheet date:

THE GROUP

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Up to 30 days	35,999	35,016
31 – 60 days	23,278	24,950
61 – 90 days	9,064	9,494
91 – 120 days	4,740	9,307
Over 120 days	<u>5,643</u>	<u>5,932</u>
	78,724	84,699
Other receivables	<u>7,205</u>	<u>13,641</u>
	<u>85,929</u>	<u>98,340</u>
Amount analysed for reporting purposes as:		
Trade and other receivables	85,621	93,736
Bills receivables	<u>308</u>	<u>4,604</u>
	<u>85,929</u>	<u>98,340</u>

22. TRADE AND OTHER PAYABLES/BILLS PAYABLE

The following is an aged analysis of trade payables at the balance sheet date:

THE GROUP

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Up to 30 days	11,864	16,296
31 – 60 days	6,140	12,347
61 – 90 days	7,243	5,473
91 – 120 days	5,473	4,412
Over 120 days	7,525	2,601
Other payables	38,245	41,129
	91,512	81,081
Amount analysed for reporting purposes as:		
Trade and other payables	90,599	78,533
Bills payable	913	2,548
	91,512	81,081

23. AMOUNT DUE TO AN ASSOCIATE**THE GROUP**

The amount is unsecured, interest-free and repayable on demand.

24. DERIVATIVE FINANCIAL INSTRUMENTS**THE GROUP**

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Forward equity contracts, at fair value	6,679	–
Debenture options, at fair value	1,544	–
	8,223	–

At the balance sheet date, the maximum notional amount of outstanding forward equity contracts to which the Group committed is approximately HK\$130,376,000 (2004: Nil).

Subsequent to year end, commitments amounting to HK\$64,678,000 of the outstanding forward equity contracts have been relieved as certain market conditions which have been met to revert those outstanding forward equity contracts.

In addition, the Group had sold an option to sell a corporate debenture with a notional amount of approximately HK\$78,000,000. Subsequent to the balance sheet date, the Group closed its position in respect of the option and the financial impact to the Group is not material.

Decrease in fair value of derivative financial instruments amounting to HK\$7,779,000 (2004: Nil) has been charged to the consolidated income statement.

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****25. BANK BORROWINGS****THE GROUP**

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Bank loans	–	157,765
Bank overdrafts	–	298
Trust receipt loans	–	–
	<u>–</u>	<u>158,063</u>
Analysed as:		
Secured	–	112,765
Unsecured	–	45,298
	<u>–</u>	<u>158,063</u>
Repayable as follows:		
Within one year or on demand	–	22,094
More than one year, but not exceeding two years	–	22,085
More than two years, but not exceeding five years	–	63,063
More than five years	–	50,821
	<u>–</u>	<u>158,063</u>
Less: Amounts due within one year, included under current liabilities	<u>–</u>	<u>(22,094)</u>
Amounts due after one year	<u>–</u>	<u>135,969</u>

26. DEFERRED TAXATION

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

THE GROUP

	Accelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2003	635	–	635
Credit to consolidated income statement for the year	(102)	(472)	(574)
Effect of a change in tax rate – charge to consolidated income statement for the year	<u>59</u>	<u>–</u>	<u>59</u>
At 31st March, 2004 and 1st April, 2004	592	(472)	120
Charge (credit) to consolidated income statement for the year	<u>106</u>	<u>(208)</u>	<u>(102)</u>
At 31st March, 2005	<u>698</u>	<u>(680)</u>	<u>18</u>

At the balance sheet date, the Group had unused tax losses of HK\$49.4 million (2004: HK\$29.3 million) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$3.9 million (2004: HK\$2.7 million) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$45.5 million (2004: HK\$26.6 million) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

THE COMPANY

At the balance sheet date, the Company had unused tax losses of HK\$7.3 million (2004: HK\$5.9 million) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

27. SHARE CAPITAL

	Number of shares 2005 & 2004 '000	2005 & 2004 HK\$'000
Ordinary shares of HK\$0.20 each		
Authorised	2,000,000	400,000
Issued and fully paid	1,043,564	208,713

28. RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profit (deficit) HK\$'000	Total HK\$'000
THE COMPANY					
At 1st April, 2004	147,303	1,347	49,259	(93,362)	104,547
Profit for the year	–	–	–	99,490	99,490
At 31st March, 2004 and 1st April, 2004	147,303	1,347	49,259	6,128	204,037
Profit for the year	–	–	–	9,076	9,076
Dividend paid	–	–	–	(10,436)	(10,436)
At 31st March, 2005	147,303	1,347	49,259	4,768	202,677

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.

At 31st March, 2005, the Company's reserves available for distribution to shareholders comprised the retained profit of approximately HK\$4,768,000 (2004: HK\$6,128,000) and contributed surplus of approximately HK\$49,259,000 (2004: HK\$49,259,000).

29. CAPITAL COMMITMENT**THE GROUP**

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the financial statements	1,386	12,799

The Company had no capital commitments at the balance sheet dates.

30. OPERATING LEASE ARRANGEMENTS**The Group as lessee**

Minimum lease payments paid under operating leases for rented premises during the year amounted to approximately HK\$4,120,000 (2004: HK\$2,929,000).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

THE GROUP

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Within one year	2,399	2,272
In the second to fifth year inclusive	3,327	981
	5,726	3,253

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

The Group as lessor

Property rental income net of outgoings of approximately HK\$34,000 (2004: HK\$40,000) earned from renting out the investment properties during the year was approximately HK\$12,057,000 (2004: HK\$14,451,000). The properties held have committed tenants for one year.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

THE GROUP

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Within one year	46	14,446
In the second to fifth year inclusive	–	9,600
	46	24,046

The Company had no commitments under non-cancellable operating leases at the balance sheet dates.

31. CONTINGENT LIABILITIES

At 31st March, 2005, the Company issued a corporate guarantee in favour of banks to secure general banking facilities granted to its subsidiaries. The total amount of the facilities utilised by the subsidiaries as at 31st March, 2005 amounted to approximately HK\$913,000 (2004: HK\$160,611,000).

The Group had no contingent liabilities the balance sheet dates.

32. SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 9th August, 1993 for the primary purpose of providing incentives to directors and eligible employees, and it was expired on 8th August, 2003. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company or any of its subsidiaries, to subscribe for shares in the Company.

No share option was granted or exercised in both years and no share option was outstanding at 31st March, 2004 and 2005.

33. RETIREMENT BENEFIT PLANS

The Group operated a defined contribution retirement benefit scheme ("Defined Contribution Scheme") for its qualifying employees in Hong Kong. The assets of the scheme were held separately from those of the Group in funds under the control of an independent trustee. Where an employee left the Defined Contribution Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions was used to reduce future contributions payable by the Group.

With effect from 1st December, 2000, the Group has formed a Mandatory Provident Fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the scheme.

The retirement benefit scheme contributions arising from the Defined Contribution Scheme and the MPF Scheme charged to the income statement represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

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

The total cost charged to the income statement of approximately HK\$4,836,000 (2004: HK\$2,602,000) after forfeited contributions utilised in the Defined Contribution Scheme of approximately HK\$75,000 (2004: HK\$194,000) represents contributions payable to these schemes by the Group in respect of the current year.

34. POST BALANCE SHEET EVENT

On 15th June, 2005, the Group entered into a debenture transfer agreement and a warrant transfer agreement to acquire certain convertible unsecured subordinated debentures and certain common share purchase warrants in Ascalade Communication Inc. for a consideration of approximately HK\$32,121,000 from an independent third party.

35. RELATED PARTY TRANSACTIONS

During the year, the Group had the following related party transactions:

Associate	Nature of transactions	Notes	2005	2004
			HK\$'000	HK\$'000
Crown capital	Interest income received	(1)	–	31
	Accountancy service income	(2)	360	90

Notes:

- (1) The interest income was charged in accordance with the prevailing commercial interest rate.
- (2) The accountancy service income represents an appropriate allocation of costs incurred by the Group.

C. UNAUDITED INTERIM RESULTS

Set out below is the unaudited financial statements of the Group as extracted from the interim report of the Group for the six months ended 30 September 2005.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2005

		Six months ended	
		30.9.2005	30.9.2004
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Turnover		203,228	209,340
Cost of sales		<u>(173,869)</u>	<u>(168,290)</u>
Gross profit		29,359	41,050
Other income		5,409	1,353
Gain arising from fair value changes of investments held for trading		16,002	1,776
Gain arising from fair value changes of derivative financial instruments		7,839	–
Selling and distribution expenses		(10,782)	(11,996)
Administrative expenses		(12,226)	(14,295)
Finance costs		(1,186)	(1,229)
Share of results of associates		<u>(2,443)</u>	<u>(2,771)</u>
Profit before income tax		31,972	13,888
Income tax expense	5	<u>(1,431)</u>	<u>(1,188)</u>
Profit for the period	6	<u><u>30,541</u></u>	<u><u>12,700</u></u>
Proposed dividend	7	<u><u>–</u></u>	<u><u>–</u></u>
Earnings per share	8		
Basic		<u><u>HK2.93 cents</u></u>	<u><u>HK1.22 cents</u></u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****CONDENSED CONSOLIDATED BALANCE SHEET***At 30th September, 2005*

	<i>Notes</i>	30.9.2005 <i>HK\$'000</i> (Unaudited)	31.3.2005 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	9	176,884	184,570
Investment properties	9	–	1,200
Deposits for acquisition of plant and equipment		1,518	1,912
Interests in associates		31,900	34,033
Investments in non-trading securities		–	10,550
Available-for-sale investments	10	142,791	–
Club debentures		1,459	1,459
		<u>354,552</u>	<u>233,724</u>
Current assets			
Inventories		84,203	99,747
Trade and other receivables	11	105,443	85,621
Bills receivable		552	308
Amount due from an associate		2,877	–
Investments held for trading		105,505	89,318
Tax recoverable		1,165	456
Bank balances and cash		67,041	169,686
		<u>366,786</u>	<u>445,136</u>
Current liabilities			
Trade and other payables	12	74,372	90,599
Bills payable		4,672	913
Amount due to an associate		3,280	3,513
Derivative financial instruments		384	8,223
Bank loan – due within one year	13	9,000	–
		<u>91,708</u>	<u>103,248</u>
Net current assets		<u>275,078</u>	<u>341,888</u>
Total assets less current liabilities		<u><u>629,630</u></u>	<u><u>575,612</u></u>
Non-current liabilities			
Bank loan – due after one year	13	27,000	–
Deferred taxation		18	18
		<u>27,018</u>	<u>18</u>
		<u><u>602,612</u></u>	<u><u>575,594</u></u>
Capital and reserves			
Share capital	14	208,713	208,713
Reserves		393,899	366,881
		<u>602,612</u>	<u>575,594</u>

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2005

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Investment property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Acc- umulated profits HK\$'000	Total HK\$'000
At 1st April, 2004	208,713	147,303	2,125	1,347	61,292	–	(9)	34,386	455,157
Effects of changes in accounting policy	–	–	–	–	(10,832)	–	–	–	(10,832)
As restated	208,713	147,303	2,125	1,347	50,460	–	(9)	34,386	444,325
Revaluation increase of investment properties	–	–	–	–	126,000	–	–	–	126,000
Deferred tax liability arising on revaluation of investment properties	–	–	–	–	(22,050)	–	–	–	(22,050)
Share of reserve of an associate	–	–	–	–	–	–	(2)	–	(2)
Net income (expense) directly recognised in equity	–	–	–	–	103,950	–	(2)	–	103,948
Profit for the period	–	–	–	–	–	–	–	12,700	12,700
Total recognised income and expense for the period	–	–	–	–	103,950	–	(2)	12,700	116,648
Dividend paid (Note 7)	–	–	–	–	–	–	–	(10,436)	(10,436)
At 30th September, 2004 (Unaudited) and 1st October, 2004	208,713	147,303	2,125	1,347	154,410	–	(11)	36,650	550,537
At 31st March, 2005 and 1st April, 2005	208,713	147,303	2,125	1,347	–	(277)	(61)	216,444	575,594
Gain on fair value change of available- for-sale investments	–	–	–	–	–	11,818	–	–	11,818
Share of reserve of an associate	–	–	–	–	–	–	312	–	312
Net income directly recognised in equity	–	–	–	–	–	11,818	312	–	12,130
Profit for the period	–	–	–	–	–	–	–	30,541	30,541
Total recognised income and expense for the period	–	–	–	–	–	11,818	312	30,541	42,671
Dividend paid (Note 7)	–	–	–	–	–	–	–	(15,653)	(15,653)
At 30th September, 2005 (unaudited)	208,713	147,303	2,125	1,347	–	11,541	251	231,332	602,612

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30th September, 2005*

	Six months ended	
	30.9.2005	30.9.2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	2,858	689
Net cash used in investing activities	(124,429)	(39,883)
Net cash generated from financing activities	<u>18,926</u>	<u>42,512</u>
Net (decrease) increase in cash and cash equivalents	(102,645)	3,318
Cash and cash equivalents at beginning of the period	<u>169,686</u>	<u>9,972</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u><u>67,041</u></u>	<u><u>13,290</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS*For the six months ended 30th September, 2005***1. BASIS OF PREPARATION**

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for investment properties and financial instruments which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2005 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of share of tax of associates has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

Goodwill

In the current period, the Group has applied the transitional provisions of HKFRS 3 “Business Combinations” to goodwill acquired in business combinations for which the agreement date was before 1st January, 2005. The principal effects of the application of the transitional provisions of HKFRS 3 to the Group are summarised below:

In previous periods, goodwill arising on acquisitions after 1st April, 2001 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. With respect to goodwill previously capitalised on the balance sheet, the Group on 1st April, 2005 eliminated the carrying amount of the related accumulated amortisation of HK\$295,000 with a corresponding decrease in the cost of goodwill. The Group has discontinued amortising such goodwill from 1st April, 2005 onwards and such goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period. Comparative figures for 2004 have not been restated (see Note 3 for the financial impact).

Financial instruments

In the current period, the Group has applied HKAS 32 “Financial Instruments: Disclosure and Presentation” and HKAS 39 “Financial Instruments: Recognition and Measurement”. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31st March, 2005, the Group classified and measured its debt and equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 (SSAP 24) issued by the

HKICPA. Under SSAP 24, investments in debt or equity securities are classified as “trading securities”, “non-trading securities” or “held-to-maturity investments” as appropriate. Both “trading securities” and “non-trading securities” are measured at fair value. Unrealised gains or losses of “trading securities” are reported in the profit or loss for the period in which gains or losses arise. Unrealised gains or losses of “non-trading securities” are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for that period. From 1st April, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as “financial assets at fair value through profit or loss”, “available-for-sale financial assets”, “loans and receivables”, or “held-to-maturity financial assets”. “Financial assets at fair value through profit or loss” and “available-for-sale financial assets” are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively. “Loans and receivables” and “held-to-maturity financial assets” are measured at amortised cost using the effective interest method.

On 1st April, 2005, the Group classified the non-trading securities as “available-for-sale financial assets” and are carried at fair value. For trading securities, they are classified as investments held for trading under “financial assets at fair value through profit or loss”. These changes have had no effect on the Group’s accumulated profits at 1st April, 2005.

Derivatives

From 1st April, 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the period in which they arise. These changes have had no effect on the Group’s accumulated profits as at 1st April, 2005 as the changes in fair value of the derivative financial instruments were already recognised in the consolidated income statement for the year ended 31st March, 2005.

Investment properties

In the current period, the Group has, for the first time, applied HKAS 40 “Investment Property”. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. In previous periods, investment properties under the predecessor SSAP were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation increase subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1st April, 2005 onwards. This change has had no material effect on the Group’s accumulated profits at 1st April, 2005.

Deferred taxes related to investment properties

In previous periods, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequences that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current period, the Group has applied HKAS Interpretation (“INT”) 21 “Income Taxes – Recovery of Revalued Non-Depreciable Assets” which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the amount of the property at each balance sheet date. In the absence of any transitional provisions in HKAS Interpretation 21, this change of accounting policy has been applied retrospectively. Comparative figures have been restated (see Note 3 for the financial impact).

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described above on the results for the current and prior periods are as follows:

	Six months ended 30th September,	
	2005	2004
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Decrease in amortisation of goodwill (included in share of results of associates)	127	–
Increase in profit for the period	127	–

The financial effects of the application of the new HKFRSs to the Group's equity at 1st April, 2004, are summarised below:

	As originally stated	INT 21 Adjustment	As restated
	HK\$'000	HK\$'000	HK\$'000
Investment property revaluation reserve	61,292	(10,832)	50,460

The Group has commenced considering the potential impact of the following new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Amendment)	Capital Disclosures
HKAS 39 (Amendment)	Actuarial Gains and Losses, Group Plants and Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC) – Int 4	Determining whether an Arrangement Contains a Lease
HK (IFRIC) – Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK (IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****4. BUSINESS SEGMENTS**

The Group's primary format for reporting segment information is business segment.

Six months ended 30th September, 2005 (Unaudited):

	Liquid Crystal Display <i>HK\$'000</i>	Liquid Crystal Module <i>HK\$'000</i>	Investment Property Holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover					
External sales	173,549	20,710	–	8,921	203,180
Rental income	–	–	48	–	48
	<u>173,549</u>	<u>20,710</u>	<u>48</u>	<u>8,921</u>	<u>203,228</u>
Result					
Segment result	<u>12,023</u>	<u>(2,143)</u>	<u>45</u>	<u>1,047</u>	10,972
Dividend income					2,167
Interest income					1,796
Gain arising from fair value changes of investments held for trading					16,002
Gain arising from fair value changes of derivative financial instruments					7,839
Unallocated overheads					(3,175)
Finance costs					(1,186)
Share of results of associates					<u>(2,443)</u>
Profit before income tax					31,972
Income tax expense					<u>(1,431)</u>
Profit for the period					<u><u>30,541</u></u>

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FINANCIAL INFORMATION ON THE GROUP

Six months ended 30th September, 2004 (Unaudited):

	Liquid Crystal Display <i>HK\$'000</i>	Liquid Crystal Module <i>HK\$'000</i>	Investment Property Holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover					
External sales	178,038	15,301	–	8,755	202,094
Rental income	–	–	7,246	–	7,246
	<u>178,038</u>	<u>15,301</u>	<u>7,246</u>	<u>8,755</u>	<u>209,340</u>
Result					
Segment result	<u>11,976</u>	<u>(988)</u>	<u>5,724</u>	<u>2,414</u>	19,126
Dividend income					475
Interest income					15
Gain arising from fair value changes of investments held for trading					1,776
Unallocated overheads					(3,504)
Finance costs					(1,229)
Share of results of associates					<u>(2,771)</u>
Profit before income tax					13,888
Income tax expense					<u>(1,188)</u>
Profit for the period					<u><u>12,700</u></u>

5. INCOME TAX EXPENSE

	Six months ended	
	30.9.2005	30.9.2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The tax charge comprises:		
Hong Kong Profits Tax	1,431	600
Deferred tax charge	<u>–</u>	<u>588</u>
	<u>1,431</u>	<u>1,188</u>

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the period.

No provision for the income tax in the People's Republic of China (the "PRC") has been made in the condensed financial statements as the operations in the PRC have no assessable profit for both periods.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended	
	30.9.2005	30.9.2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation	16,269	12,754
Amortisation of goodwill	—	127
Total depreciation and amortisation	<u>16,269</u>	<u>12,881</u>
Interest income	<u>(1,796)</u>	<u>(15)</u>
Gain on disposal of property, plant and equipment	<u>(170)</u>	<u>(166)</u>

7. DIVIDEND

On 23rd September, 2005, a dividend of HK1.5 cent per ordinary share (2004: HK1.0 cent) amounting to approximately HK\$15,653,000 (2004: HK\$10,436,000) was paid to shareholders as the final dividend for 2005.

The directors do not recommend the payment of an interim dividend.

8. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2005	30.9.2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share	<u>30,541</u>	<u>12,700</u>
Number of ordinary shares for the purpose of basic earnings per share	<u>1,043,564,000</u>	<u>1,043,564,000</u>

No diluted earnings per share has been presented for both periods as there are no potential ordinary shares in issue.

9. MOVEMENT IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th September, 2005, the Group disposed of all of its investment properties with a carrying amount of HK\$1,445,000. The Group also spent approximately HK\$10,027,000 on the additions to the property, plant and equipment to expand its operations, and made an impairment loss of HK\$1,433,000 in connection with the relocation of certain production lines of the Group.

10. AVAILABLE-FOR-SALE INVESTMENTS

During the six months ended 30th September, 2005, the Group acquired non-trading securities listed in Hong Kong and overseas amounting to approximately HK\$120,422,000 with changes in fair value of HK\$11,818,000 being credited to investment revaluation reserve.

11. TRADE AND OTHER RECEIVABLES

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

The following is an aged analysis of trade receivables at the reporting date:

	30.9.2005 <i>HK\$'000</i> (Unaudited)	31.3.2005 <i>HK\$'000</i> (Audited)
Up to 30 days	37,213	35,999
31 – 60 days	29,861	23,278
61 – 90 days	13,625	9,064
91 – 120 days	6,530	4,740
Over 120 days	9,342	5,643
Other receivables	96,571	78,724
	8,872	6,897
	105,443	85,621

12. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	30.9.2005 <i>HK\$'000</i> (Unaudited)	31.3.2005 <i>HK\$'000</i> (Audited)
Up to 30 days	10,443	11,864
31 – 60 days	10,108	6,140
61 – 90 days	4,898	7,243
91 – 120 days	1,039	5,473
Over 120 days	7,442	7,525
Other payables	33,930	38,245
	40,442	52,354
	74,372	90,599

13. BANK LOAN

During the period, the Group obtained a new bank loan amounting to HK\$40,500,000. The loan is unsecured, bears interest at the prevailing market rate and is repayable by 18 equal quarterly instalments of HK\$2,250,000 each. The proceeds are used to finance capital expenditure and working capital requirement.

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****14. SHARE CAPITAL**

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.20 each		
Issued and fully paid At 31st March, 2005 and 30th September, 2005	1,043,564	208,713

15. RELATED PARTY TRANSACTIONS

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

Name of related parties	Nature of transactions	Note	Six months ended	
			30.9.2005 HK\$'000 (Unaudited)	30.9.2004 HK\$'000 (Unaudited)
Crown Capital Holdings Limited	Accountancy service income	(a)	180	180
Directors	Remuneration		1,397	1,397

Note:

(a) The accountancy service income represents an appropriate allocation of costs incurred by the Group.

16. CAPITAL COMMITMENTS

	30.9.2005 HK\$'000 (Unaudited)	31.3.2005 HK\$'000 (Audited)
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the financial statements	3,013	1,386
Capital expenditure in respect of acquisition of associates authorised but not contracted for	37,697	—

17. EVENTS AFTER THE BALANCE SHEET DATE

On 29th November, 2005, the Group entered into a provisional sale and purchase agreement with an independent third party for a subscription of 40% of the paid-up capital in Nantong Jianghai Capacitor Co. Ltd. ("Nantong Jianghai") for a consideration of RMB40,000,000 (approximately HK\$38,000,000).

On the same date, the Group entered into a provisional supplemental agreement for the granting of a loan to Nantong Jianghai for a maximum of RMB60,000,000 (approximately HK\$58,000,000) and a further subscription of 10% in the paid-up capital of Nantong Jianghai in the first half of 2006.

D. COMMENTARY ON FINANCIAL INFORMATION OF THE GROUP**Review of operations**

For the six months ended 30 September 2005, the Group registered a turnover of HK\$203 million. As a result of the disposal of an investment property in February 2005, the rental income reduced from HK\$7 million to HK\$48,000 in the current period. Excluding the investment property income, the Group's display business turnover increased by HK\$1 million but the gross profit ratio decreased from 17% to 14%. Previously, the Group had allocated substantial resources in developing the LCM business. A new LCM factory was set up in 2004 and advanced machineries were then installed to upgrade the production facility. Meanwhile, the Group expanded its distribution channels by engaging well-experienced sales representatives in USA and Europe. Results started to crystallize in the current period as the LCM sales grew strongly as compared to same period in 2004. On the other hand, LCD business was under immense competition as more suppliers emerged in the market. Nevertheless, the Group's market positioning in the medium to high end segment and possession of a well-diversified customer portfolio fostered our competitive edge in the LCD market. Furthermore, the Group is re-organizing the production facilities with a view to achieve cost-saving effect.

The Group reported a profit before taxation of HK\$32 million for the six months ended 30 September 2005. HK\$16 million of the profit was contributed by gain arising from fair value changes of investment held for trading and HK\$8 million of profit was generated by gain arising from fair value changes of derivative financial instruments.

Major acquisition, investment and disposal

The management is constantly reviewing and seeking new investment opportunities that could lead to a long term benefit to the Group and, hence, increase the return to the shareholders. In mid June 2005, the Group acquired certain number of units of convertible subordinated debenture and certain number of units of common share purchase warrant issued by Ascalade Communication Inc. ("Ascalade") for a total consideration of approximately HK\$32 million from an independent third party. Ascalade is engaged in manufacturing, developing and marketing telecommunication devices. Ascalade was subsequently listed in the Toronto Stock Exchange on 27 June 2005 and subsequently the Group had converted all the units of the unsecured subordinated debenture into ordinary shares of Ascalade and held the shares for long term investment purpose. By investing in Ascalade, the Group could further extend its business into telecommunication development industries that could benefit the Group's LCD and LCM business in the long run.

On 29 November 2005, the Group entered into an agreement to acquire 40% of the paid-up capital of Nantong Jianghai for a cash consideration of RMB40 million. On even date, the Group signed a supplemental agreement for (i) the granting of a loan to Nantong Jianghai which amount is equal to the consolidated net asset value exclusive of minority interests of Nantong Jianghai and its subsidiaries as at 31 December 2004 less RMB40 million, limited to a maximum of RMB60 million; and (ii) the further subscription in the paid-up capital of Nantong Jianghai in the first half of 2006 such that the Group's interest in Nantong Jianghai would be increased from 40% to 50%, for a consideration which varies with the loan amount

and the normal operating profit as reflected in the consolidated financial statements of Nantong Jianghai for the year ended 31 December 2005. Further details of the transaction are set out in a circular to the Shareholders dated 23 December 2005. Nantong Jianghai is one of the leading manufacturers of aluminium electrolytic capacitors and related accessories in PRC. Aluminium electrolytic capacitors are used in almost all kinds of electronic products. Nantong Jianghai's customers are mainly manufacturers of consumer electronic products and industrial electronic products. The investment in Nantong Jianghai will enable the Group to invest in the electronic component business. It is expected that the investment would not only widen the scope of business of, but also generate satisfactory return to, the Group. Since the Group and Nantong Jianghai are both engaged in the electronic component business, each of them will, in return, be able to get access to the customers of the other.

Liquidity and financial resources

As at 30 September 2005, the Group had total assets of HK\$721 million which were financed by liabilities of HK\$119 million and shareholders' equity of HK\$602 million. The Group's working capital as at 30 September 2005 amounted to HK\$275 million.

During the six-month period to 30 September 2005, the Group obtained a new bank loan amounting to HK\$40.5 million. As at 30 September 2005, the outstanding balance of the loan was HK\$36 million which was repayable by 16 equal quarterly installments of HK\$2.25 million each. The loan is unsecured and bears interest at the prevailing market rate. The proceeds were used to finance capital expenditure and working capital requirement.

As at 30 September 2005, the Group's current ratio and quick ratio were 4.0 times and 3.1 times, respectively. The gearing ratio (calculated as the ratio of bank borrowing to shareholders' funds) was 6.0%.

The Group's monetary assets and liabilities are mainly denominated in Hong Kong dollars, hence it is not exposed to exchange risk.

Contingent liabilities and charge of assets

As at 30 September 2005, the Group did not have any significant contingent liabilities and there were no significant charges or pledges of any of the Group's assets.

Employment and remuneration policy

The remuneration package for the Group's employees is structured by reference to market terms and industry's practice. In addition, discretionary bonus and other individual performance incentives are awarded to staff with reference to the financial performance of the Group and the personal performance of individual staff. Staff benefit plans maintained by the Group include mandatory provident fund scheme and medical insurance.

For the year ended 31 March 2005, total staff costs (including directors' emoluments) amounted to HK\$88.9 million. As at 31 March 2005, the Group employed approximately 5,500 staff members globally.

Future plan for material investments

To enhance the earning base, the Directors are constantly looking for investment opportunities in LCD, LCM or other electronic related business that may have synergy with the Group. Such investments will be funded by internal resources or, if necessary, available banking facilities.

E. PROSPECT

Looking forward, the Group is committed to becoming a global supplier of display devices. For LCD business, the Group will continue to expand in the monochrome segment both in local and overseas markets. In particular, the Group will invest further financial resources to extend the distribution networks in USA and Europe. Coupled with the enlarged production capacity, the Group expects to see a strong vertical and horizontal sales growth in the coming years. Furthermore, with the phase-in of the new LCM factory established in June 2004, the management is in strong belief that the contribution from LCM will help to uplift the Group's sales volume and also enhance the margin. The Directors are optimistic about the future financial performance of the Group. In terms of human resources commitment, the Group has recruited and will continue to recruit experienced industrial experts in the field of STN and LCM to facilitate launching the expansion program.

F. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2005, the date to which the latest published audited consolidated accounts of the Group were made up.

G. WORKING CAPITAL

The Directors are of the opinion that in the absence of unforeseen circumstances and after taking into account the Group's current cash balance and resources as well as its available banking facilities, the Group has sufficient working capital for its present requirements.

H. INDEBTEDNESS

As at the close of business on 28 February 2006, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$39.8 million, comprising unsecured bank loans of approximately HK\$33.7 million; and bill payable of approximately HK\$6.1 million.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptances creditors, or any guarantees, or other material contingent liabilities outstanding at the close of business on 28 February 2006.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing as at 28 February 2006.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 28 February 2006.

**APPENDIX II ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT
OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP**

The following is the text of a letter, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

TO THE DIRECTORS OF YEEBO (INTERNATIONAL HOLDINGS) LIMITED

We report on the unaudited pro forma statement of assets and liabilities of Yeebo (International Holdings) Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors, for illustrative purposes only, to provide information about how the proposed investment in Kunshan Visionox Display Co., Ltd. (“Kunshan Visionox”) (hereinafter collectively with the Group as the “Enlarged Group”) might have affected the financial information presented, for inclusion in Appendix II of the circular dated 18 April 2006 (the “Circular”). The basis of preparation of the unaudited statement of assets and liabilities is set on page 65 to the Circular.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND
REPORTING ACCOUNTANTS**

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma statement of assets and liabilities in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma statement of assets and liabilities and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma statement of assets and liabilities beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**APPENDIX II ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT
OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP**

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma statement of assets and liabilities with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma statement of assets and liabilities has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma statement of assets and liabilities as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma statement of assets and liabilities is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group had the transaction actually occurred as at 30 September 2005 or at any future date.

OPINION

In our opinion:

- a. the unaudited pro forma statement of assets and liabilities has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma statement of assets and liabilities as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 April 2006

**APPENDIX II ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT
OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP**

**BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA STATEMENT OF
ASSETS AND LIABILITIES OF THE ENLARGED GROUP**

The unaudited pro forma statement of assets and liabilities of the Enlarged Group set out in this appendix has been prepared to demonstrate the effect of the Group's proposed investment in Kunshan Visionox.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group set out in this appendix is based upon the recently published historical financial information of the Group as set out in the Company's interim report for the six months ended 30 September 2005 (which has been reproduced in Appendix I to this circular), and after making pro forma adjustments to illustrate the effect of the investment in Kunshan Visionox as if it had been completed on 30 September 2005.

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has recently issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretation (herein after collectively referred to as the "new HKFRSs"), that are effective for accounting periods beginning on or after 1 January 2005. The Group has adopted these new HKFRSs in the interim financial statements for the six months ended 30 September 2005. Accordingly, the unaudited pro forma statement of assets and liabilities is prepared in accordance with the new HKFRSs and using accounting policies which are consistent with those adopted by the Group during the six months ended 30 September 2005.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group is based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the unaudited pro forma statement of assets and liabilities of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the investment in Kunshan Visionox been completed at 30 September 2005. Further, the unaudited pro forma statement of assets and liabilities of the Enlarged Group does not purport to predict the Enlarged Group's future financial position.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group should be read in conjunction with the audited financial information of the Group for the year ended 31 March 2005, the unaudited financial information of the Group for the six months ended 30 September 2005, and other financial information as set out in Appendix I to this circular.

**APPENDIX II ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT
OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP**

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

	<i>Notes</i>	At 30 September 2005 HK\$'000 (unaudited)	Pro forma adjustments related to Kunshan Visionox HK\$'000 (unaudited)	Enlarged Group HK\$'000 (unaudited)
Non-current assets				
Property, plant and equipment		176,884		176,884
Deposits for acquisition of plant and equipment		1,518		1,518
Interests in associates		31,900		31,900
Available-for-sale investments		142,791		142,791
Club debentures		1,459		1,459
		<u>354,552</u>		<u>354,552</u>
Current assets				
Inventories		84,203		84,203
Trade and other receivables		105,443		105,443
Bills receivable		552		552
Amount due from an associate		2,877		2,877
Investments held for trading		105,505		105,505
Tax recoverable		1,165		1,165
Bank balances and cash	<i>a</i>	67,041	115,800	182,841
		<u>366,786</u>		<u>482,586</u>
Current liabilities				
Trade and other payables		74,372		74,372
Bills payable		4,672		4,672
Amount due to an associate		3,280		3,280
Derivative financial instruments		384		384
Bank borrowings		9,000		9,000
– due within one year		<u>9,000</u>		<u>9,000</u>
		<u>91,708</u>		<u>91,708</u>
Net current assets		<u>275,078</u>		<u>390,878</u>
Total assets less current liabilities		<u>629,630</u>		<u>745,430</u>
Non-current liabilities				
Bank borrowings		27,000		27,000
– due after one year		18		18
Deferred taxation		<u>18</u>		<u>18</u>
		<u>27,018</u>		<u>27,018</u>
Net Assets		<u><u>602,612</u></u>		<u><u>718,412</u></u>

Notes:

- a. The adjustment reflects the capital contribution of RMB120,000,000 (equivalent to HK\$115,800,000) by Kunshan Venture Capital, another shareholder of Kunshan Visionox, in cash. The total registered capital of Kunshan Visionox is RMB400,000,000 (equivalent to HK\$386,000,000) and is assumed to be contributed as to RMB190,000,000 (equivalent to HK\$183,350,000) by the Group, RMB120,000,000 (equivalent to HK\$115,800,000) by Kunshan Ventrue Capital and RMB90,000,000 (equivalent to HK\$86,850,000) by Shenzhen Tsinghua, representing a 47.5%, a 30% and a 22.5% interest in Kunshan Visionox, respectively.

APPENDIX II ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The capital contribution of HK\$183,350,000 made by the Group will be partially financed by internal resources and partially financed by banking facilities. The effect of such bank facilities will be obtained has not been accounted for in the unaudited pro forma statement of assets and liabilities.

The cash injection by Shenzhen Tsinghua of RMB90,000,000 (equivalent to HK\$86,850,000) will be financed by the Group as detailed in Note (b).

The capital contribution of RMB120,000,000 (equivalent to HK\$115,800,000) by Kunshan Venture Capital will be reflected as minority interests of the Group.

- b. A loan amounting to RMB90,000,000 (equivalent to HK\$86,850,000) which will be advanced to RITUS (the "Loan Receivable"), the controlling shareholder of Shenzhen Tsinghua, to invest in a 22.5% in Kunshan Visionox. The loan will be interest-free and secured by the entire interest in Kunshan Visionox held by Shenzhen Tsinghua and repayable within thirty-six months from the date on which Kunshan Visionox obtains the business registration certificate on its incorporation (the "Set Up Date") either in cash or through transfer of the 22.5% shareholding in Kunshan Visionox.

The loan will be financed by internal resources or bank facilities which will be obtained by the Group. The effect of such financing has not been accounted for in the unaudited pro forma statement of assets and liabilities.

Incidental to the Loan Agreement, Shenzhen Tsinghua agrees to assign to the Group all rights and obligations attached to the entire interest in Kunshan Visionox held by Shenzhen Tsinghua and as a result, the Group will control the board of directors of Kunshan Visionox and therefore will account for Kunshan Visionox as a subsidiary of the Group.

The Group entered into the Second Option Agreement which consists of two options.

- (1) A call option which entitles the Group a right to acquire the shareholding equivalent to RMB60,000,000 or 15% (or RMB90,000,000 or 22.5% if Shenzhen Tsinghua has not confirmed its intention to retain its shareholding in Kunshan Visionox equivalent to RMB30,000,000 of its registered capital within twenty four months from the Set Up Date) in the registered capital in Kunshan Visionox within thirty-six months of the Set Up Date (the right to acquire of the last RMB30,000,000 in the registered capital of Kunshan Visionox can only be made in the third year of the Set Up Date) from Shenzhen Tsinghua as repayment of the amount due by RITUS to Jiangmen Yeebo under the Loan Agreement;
- (2) A put option which entitles Shenzhen Tsinghua a right to dispose of its 22.5% interest in Kunshan Visionox to the Group within thirty-six months from the Set Up Date for a consideration of RMB90,000,000 (the "Put Option").

In accordance with HKAS 32 "Financial Instruments: Disclosure and Presentation" issued by the HKICPA, the Group will recognise a put option liability of RMB90,000,000 (HK\$86,850,000) ("Put Option Liability") which represents the Group's obligation to deliver RMB90,000,000 (HK\$86,850,000) should Shenzhen Tsinghua exercise the Put Option and the corresponding entry of the Put Option Liability will be debited to minority interests of the Group. The Put Option Liability will be offset with the Loan Receivable on the basis that there will be no physical cash outflow as the Loan Receivable will be applied to settle the Put Option Liability.

- c. For the purpose of preparing the unaudited pro forma statement of assets and liabilities, the directors of the Company assume that the fair values of all the underlying options of the First Option Agreement and the Second Option Agreement and other embedded derivatives incidental to the Transactions are negligible as of 30 September 2005.
- d. The above unaudited pro forma adjustments have not taken into account of the consideration for the acquisition of a 40% interest in Nantong Jianghai Capacitor Co., Ltd. amounting to RMB40,000,000 (equivalent to HK\$38,400,000), details of which are set out in the circular of the Company dated 23 December 2005.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company or any of its associated corporations and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or 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 for Securities Transactions by Directors of Listed Companies were as follows:

Long positions in Shares

Name of director	Number of shares held, capacity and nature of interest			Percentage of the Company's issued capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Fang Hung, Kenneth (Note)	20,130,000	697,692,368	717,822,368	68.79%
Mr. Li Kwok Wai, Frankie (Note)	26,418,013	697,692,368	724,110,381	69.39%

Note: Antrix Investment Limited owns 697,692,368 Shares. Mr. Fang Hung, Kenneth and Mr. Li Kwok Wai, Frankie beneficially owns 51% and 49%, respectively, of the issued share capital of Antrix Investment Limited.

In addition to the above, a Director has non-beneficial personal equity interests in subsidiaries held for the benefit of the Company.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives and their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company or any of its associated corporations) and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

3. INTERESTS AND SHORT POSITIONS IN SHARES OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to, or can be ascertained after the reasonable enquiry by, the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 and Part XV of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in Shares

Name	Capacity and nature of interest	Number of Shares held	Percentage of the Company's issued share capital
Antrix Investment Limited (Note)	Directly beneficially owned	697,692,368	66.86%
Esca Investment Limited (Note)	Indirectly beneficially owned	697,692,368	66.86%
Megastar Venture Limited (Note)	Indirectly beneficially owned	697,692,368	66.86%
Liu Chong Hing Bank Limited	Directly beneficially owned	57,600,000	5.52%

Note: Antrix Investment Limited is held as to 51% by Esca Investment Limited (a company wholly-owned by Mr. Fang Hung, Kenneth) and 49% by Megastar Venture Limited (a company wholly-owned by Mr. Li Kwok Wai, Frankie). The Shares held by Esca Investment Limited and Megastar Venture Limited represent the same interest held by Antrix Investment Limited, which have also been disclosed as an interest of Mr. Fang Hung, Kenneth and Mr. Li Kwok Wai, Frankie under the section "Directors' and Chief Executive's Disclosure of Interests".

Save as disclosed above, as at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, no other person (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. MATERIAL CONTRACTS

Within the two years immediately preceding the issue of this circular, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group and are or may be material:

- (a) The joint venture agreement entered into between the Company and the other shareholders of Crown Capital Holdings Limited (“Crown Capital”) for the investment in Crown Capital which in turn holds a 73.2% interest in Beijing Visionox Technology Company Limited.
- (b) The provisional agreement dated 23 November 2004 for the sale and purchase of Unit A on the Basement, Unit A on the Ground Floor (together with the external walls thereof) and the Staircase leading from the Ground Floor to Unit A in the Basement of Wheelock House, No 20 Pedder Street, Hong Kong entered into by Yeebo Technology Limited, a wholly owned subsidiary of the Company, as vendor and Citibank, N.A. as purchaser and the formal sale and purchase agreement made pursuant thereto.
- (c) The debenture transfer agreement and the warrant transfer agreement, both dated 15 June 2005, entered into between Yeebo Investment Limited, a wholly-owned subsidiary of the Company, and Dragon Spirit Enterprise Limited, an independent third party, for the acquisition of certain units of convertible unsecured subordinated debenture and certain units of common share purchase warrant issued by Ascalade Communication Inc for a total consideration of approximately HK\$32 million.
- (d) The agreement dated 29 November 2005 between the 47 then existing shareholders of Nantong Jianghai, Billion Power Investment Limited (a wholly-owned subsidiary of the Company) and Nantong Jianghai for the subscription by Billion Power Investment Limited of 40% of the paid-up capital of Nantong.
- (e) The supplemental agreement dated 29 November 2005 between the 47 then existing shareholders of Nantong Jianghai, Billion Power Investment Limited (a wholly-owned subsidiary of the Company) and Nantong Jianghai for (i) the granting of a loan to Nantong Jianghai and (ii) the further investment in the paid-up capital of Nantong Jianghai.
- (f) The JV Agreements, the First Option Agreement, the Loan Agreement and the Second Option Agreement.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation, arbitration or claim of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against either the Company or any of its subsidiaries.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service agreement with any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. DIRECTORS' INTERESTS IN CONTRACTS AND IN COMPETING BUSINESS

So far as the Directors are aware, as at the Latest Practicable Date:

- (a) none of the Directors or their associates had any direct or indirect interest in any assets which have been, since 31 March 2005 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors or their associates was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors and their respective associates has interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. EXPERTS AND CONSENTS

- (a) Deloitte Touche Tohmatsu ("Deloitte"), a firm of certified public accountants, has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter or references to its name in the form and context in which they are included.
- (b) As at the Latest Practicable Date, Deloitte did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Deloitte did not have any direct or indirect interest in any assets which have been, since 31 March 2005 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The qualified accountant of the Company is Mr. Leung Tze Kuen, Benny, an associate member of CPA Australia.
- (c) The secretary of the Company is Mr. Lau Siu Ki, Kevin, a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (d) The Company's share registrar is Secretaries Limited at Level 25, Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (e) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Hong Kong principal office of the Company at 7th Floor, On Dak Industrial Building, 2-6 Wah Sing Street, Kwai Chung, New Territories, Hong Kong, during normal business hours up to and including 8 May 2006:

- (a) the memorandum and articles of association of the Company;
- (b) the audited consolidated financial statements of the Company and its subsidiaries for the two years ended 31 March 2005;
- (c) the interim report of the Group for the six months ended 30 September 2005;
- (d) the accountants' report from Deloitte on the unaudited pro forma statement of assets and liabilities of the Enlarged Group;
- (e) the letter of consents referred to under the section headed "Experts and Consents" in this appendix;
- (f) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (g) the circular to the Shareholders dated 23 December 2005 regarding the Group's investment in Nantong Jianghai.