Interim Report 2002

For the six months ended 30th September, 2002

Yeebo (International Holdings) Limited

(Incorporated in Bermuda with limited liability)

The Board of Directors of Yeebo (International Holdings) Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2002. These results have been reviewed by the Company's audit committee and the auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30.9.2002	30.9.2001
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Turnover		**146,770**	137,173
Cost of sales		**(123,950)**	(115,739)
Gross profit		**22,820**	21,434
Other operating income		**3,469**	3,483
Selling and distribution costs		**(4,707)**	(2,879)
Administrative expenses		**(15,161)**	(15,168)
Impairment loss in investments in securities		**(8,125)**	–
Loss on discontinuance of a business	*4*	**–**	(3,021)
(Loss) profit from operations	*5*	**(1,704)**	3,849
Finance costs		**(39)**	(41)
(Loss) profit before taxation		**(1,743)**	3,808
Taxation	*6*	**(282)**	–
Net (loss) profit for the period		**(2,025)**	3,808
(Loss) earnings per share	*8*		
Basic		**(HK0.19 cent)**	HK0.37 cent
Diluted		**(HK0.19 cent)**	HK0.37 cent

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30.9.2002 (Unaudited) HK$'000**	31.3.2002 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	*9*	**103,303**	93,310
Investment properties	*10*	**1,250**	1,250
Club membership debentures		**1,959**	1,959
		106,512	96,519
Current assets			
Inventories		**87,297**	73,519
Trade receivables	*11*	**79,955**	59,768
Deposits, prepayments and other receivables		**19,879**	6,384
Bills receivable		**2,363**	903
Investments in securities		**75,164**	-
Bank balances and cash		**73,573**	175,664
		338,231	316,238
Current liabilities			
Trade payables	*12*	**34,899**	16,493
Other payables		**43,563**	27,286
Bills payable		**2,724**	1,711
Tax liabilities		**251**	251
Bank borrowings, unsecured		**2,565**	4,250
		84,002	49,991
Net current assets		**254,229**	266,247
		360,741	362,766
Capital and reserves			
Share capital		**208,713**	208,713
Reserves		**152,028**	154,053
		360,741	362,766

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2002

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Accumulated (loss) profit HK$'000	Total HK$'000
At 1st April, 2001 (audited)	203,676	147,303	2,125	1,347	(3,204)	351,247
Profit for the period	–	–	–	–	3,808	3,808
At 30th September, 2001 and 1st October, 2001 (unaudited)	203,676	147,303	2,125	1,347	604	355,055
Issue of shares	5,037	–	–	–	–	5,037
Profit for the period	–	–	–	–	2,674	2,674
At 31st March, 2002 and 1st April, 2002 (audited)	208,713	147,303	2,125	1,347	3,278	362,766
Loss for the period	–	–	–	–	(2,025)	(2,025)
At 30th September, 2002 (unaudited)	208,713	147,303	2,125	1,347	1,253	360,741

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30.9.2002	30.9.2001
	(Unaudited)	(Unaudited)
		Restated
	HK$'000	HK$'000
Net cash (used in) from operating activities	**(5,419)**	15,885
Net cash used in investing activities	**(94,955)**	(10,898)
Net cash used in financing activities	**(1,717)**	(876)
Net (decrease) increase in cash and cash equivalents	**(102,091)**	4,111
Cash and cash equivalents at beginning of the period	**175,664**	167,148
Cash and cash equivalents at end of the period, represented by bank balances and cash	**73,573**	171,259
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents as previously reported		168,798
Effect of reclassification of trust receipt loans		2,461
Cash and cash equivalents as restated		171,259

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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 Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2002, except as described below.

Investments in securities

In the current period, the Group has acquired certain securities and accordingly adopted SSAP No. 24 "Accounting for Investments in Securities". SSAP No. 24 has introduced a new framework for the classification of investments in securities. In adopting SSAP No. 24, the Group has selected the alternative treatment for securities other than held-to-maturity 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 other 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 net profit or loss for the period.

In the current period, the Group has adopted, for the first time, a number of new and revised SSAPs, which has resulted in the adoption of the following new and revised accounting policies. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Cash Flow Statements

In the current period, the Group has adopted SSAP No. 15 (Revised) "Cash Flow Statements". Under SSAP No. 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as investing/financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. In addition, the amounts presented for cash and cash equivalents have been amended to exclude short-term loans that are financing in nature. Cash flows of overseas operations have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange ruling on the balance sheet date. The re-definition of cash and cash equivalents has resulted in a restatement in the comparative amounts shown in the cash flow statement.

3. BUSINESS SEGMENTS

Six months ended 30th September:

	Liquid Crystal Display		**Others**		**Total**	
	2002	2001	**2002**	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	**137,188**	126,271	**11,872**	11,460	**149,060**	137,731
Contribution to profit from operations	**5,530**	6,866	**1,615**	(3,383)	**7,145**	3,483
Interest income					**1,179**	2,925
Impairment loss in investments in securities					**(8,125)**	–
Unallocated overheads					**(1,903)**	(2,559)
Finance costs					**(39)**	(41)
(Loss) profit before taxation					**(1,743)**	3,808
Taxation					**(282)**	–
Net (loss) profit for the period					**(2,025)**	3,808

4. LOSS ON DISCONTINUANCE OF A BUSINESS

The Group's long-term strategy is to focus its activities in the areas of the sale and manufacture of Liquid Crystal Display. Accordingly, the Group has made provision for loss on discontinuance of a business as follows:

	Six months ended	
	30.9.2002	30.9.2001
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Provision for bad and doubtful debts	–	1,591
Write down of property, plant and equipment	–	1,430
	–	3,021

The revenue and contribution to results from operation of this business are included in "Others" in the business segment analysis in note 3 above.

Had the loss on discontinuance of a business of HK$3,021,000 for the six months ended 30th September, 2001 been excluded from the calculation of earnings per share, the basic and fully diluted earnings per share for that period would have been HK0.67 cent and HK0.66 cent, respectively.

5. (LOSS) PROFIT FROM OPERATIONS

(Loss) profit from operations has been arrived at after charging (crediting):

	Six months ended	
	30.9.2002	30.9.2001
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation	**8,196**	7,613
Interest income	**(1,179)**	(2,925)

6. TAXATION

The tax charge for the six months ended 30th September, 2002 represents income tax on the Group's estimated assessable profit in the People's Republic of China for the period.

No provision for taxation was made for the six months ended 30th September, 2001 as the Group had no estimated assessable profit for that period.

7. DIVIDENDS

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

8. (LOSS) EARNINGS PER SHARE

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

	Six months ended	
	30.9.2002	30.9.2001
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	**(2,025)**	3,808
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**1,043,563,170**	1,018,378,291
Effect of dilutive share options	**–**	11,290,362
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	**1,043,563,170**	1,029,668,653

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$18,418,000 (HK$9,978,000 for the six months ended 30th September, 2001) on the additions to property, plant and equipment to expand its operations.

10. INVESTMENT PROPERTIES

At 30th September, 2002, the directors have considered the carrying amounts of the Group's investment properties at revalued amount and have estimated that the carrying amounts do not differ significantly from those which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

11. TRADE 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:

	30.9.2002 (Unaudited) HK$'000	31.3.2002 (Audited) HK$'000
Within 30 days	**26,109**	33,553
31 to 60 days	**26,349**	15,563
61 to 90 days	**17,705**	6,157
91 to 120 days	**6,137**	880
Over 120 days	**3,655**	3,615
	79,955	59,768

12. TRADE PAYABLES

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

	30.9.2002 (Unaudited) HK$'000	31.3.2002 (Audited) HK$'000
Within 30 days	**13,000**	6,094
31 to 60 days	**11,296**	4,285
61 to 90 days	**6,039**	2,687
91 to 120 days	**2,132**	1,553
Over 120 days	**2,432**	1,874
	34,899	16,493

13. RELATED PARTY TRANSACTIONS

During the six months ended 30th September, 2002, the Group purchased materials of HK$394,000 (HK$394,000 for the six months ended 30th September, 2001) from Cando Corporation, a former substantial shareholder of the Company. The transactions were carried out at terms agreed by both parties.

14. CAPITAL COMMITMENTS

	30.9.2002 (Unaudited) HK$'000	31.3.2002 (Audited) HK$'000
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the condensed financial statements	**1,744**	632
Capital expenditure in respect of acquisition of property authorised but not contracted for	**178,480**	–

15. POST BALANCE SHEET EVENT

Subsequent to 30th September, 2002, the Group entered into a sale and purchase agreement to acquire a landed property ("the Property") for a consideration of HK$184,000,000. The Property will be leased back to the vendor at a monthly rental of HK$1,200,000 for a term of three years. As at 30th September, 2002, an amount of HK$5,520,000 was paid as an initial deposit upon submission of tender documents in respect of the purchase of the Property and was included in deposits, prepayments and other receivables. The transaction was completed on 30th November, 2002.

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INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF YEEBO (INTERNATIONAL HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 1 to 10.

DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th September, 2002.

Hong Kong, 20th December, 2002

MANAGEMENT DISCUSSION AND ANALYSIS

Review of operations

The Group recorded a turnover of HK$146.8 million for the six month period ended 30th September, 2002. Though the operating environment of our business remained difficult, our strong marketing team was able to achieve a 7% increase in turnover over the same period last year. The average selling price of our products dropped by approximately 10% comparing with the previous 12 months. Our overall gross profit ratio, however, could still be maintained at 15% during the period, as a result of the success in controlling the costs of material and production.

The Group in fact recorded an operating profit of HK$6.4 million before "Impairment loss on investment securities". The loss from operations of HK$1.7 million includes impairment loss in securities investment of HK$8.1 million.

Investment Alternatives

As at 31st March, 2002, the Group had available cash of HK$175.7 million. The surplus funds had been deposited with banks on short term basis before the Group identified other investment alternatives with better return.

During the period, the Group invested approximately HK$83.3 million in securities of Hong Kong blue-chips companies. Despite an unexpected loss arose from such investments during the period under review, we believe that they would generate a satisfactory return in the foreseeable future.

The Group completed a transaction on 30th November, 2002 in acquiring a commercial property ("the Property") at purchase price of HK$184 million. The Property was leased back to the vendor at a monthly rent of HK$1.2 million for a term of 3 years. 70% of the purchase price was financed by a mortgage loan from a bank. The balance was funded by internal resources. The Property will provide a stable source of income. It is also anticipated that the rental income generated from the Property will be more than adequate to cover the mortgage payments.

Mandatory Unconditional Cash Offer

Antrix Investment Limited ("Antrix"), a private limited company controlled by Mr. Fang Hung, Kenneth and Mr. Frankie Li, entered into a share purchase agreement with Cando Corporation ("Cando") to acquire 350,000,000 shares in the Company from Cando at HK$0.25 per share for a total consideration of HK$87.5 million on 25th June, 2002. A mandatory unconditional cash offer to other shareholders was made on 17th July, 2002. Antrix acquired 219,600 shares of the Company from shareholders accepting the offer. As a consequence, the shareholding of Antrix, together with the personal shareholdings of Mr. Fang Hung, Kenneth and Mr. Frankie Li, in the Company increased to 70.35%.

With effect from 7th August, 2002, Mr. Harry Ling, Ph.D., Mr. Chen Chin Tung, Daniel and Mr. Wong Kam Wah (as alternate Director to Mr. Harry Ling, Ph.D.) resigned from the Board.

Prospect

Though the amount involved was yet small, we started to sell LCD modules in October 2002. We will continue upgrade our products and improve their quality. More equipment would be purchased to manufacture higher end LCD products.

Employment and remuneration policy

As at 30th September, 2002, the Group employed 6,292 employees, of which 66 are in Hong Kong and 6,226 in the People's Republic of China.

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

Liquidity and financial resources

The Group's working capital as at 30th September, 2002 amounted to HK$254.2 million. Deposits, prepayments and other receivables of HK$19.9 million included initial deposit of HK$5.5 million in relation to the acquisition of the Property and other deposits of new equipment.

As at 30th September, 2002, the Group had total assets of HK$444.7 million which were financed by current liabilities of HK$84.0 million and shareholders' equity of HK$360.7 million.

Bank borrowings as at 30th September, 2002 amounted to HK$2.6 million which related to trade finance and were not secured by any assets of the Group. The Group's current ratio as a ratio of current assets to current liabilities, was 4.03 (31st March, 2002: 6.33). The gearing ratio, as a ratio of bank borrowings to networth, was 0.7% (31st March, 2002: 1.2%). Upon completion of the purchase of the Property, bank borrowings increased by HK$128.8 million and the gearing ratio would be increased to 36.4%.

The Group did not have any material exposure to fluctuation in exchange rates.

DIRECTORS' INTERESTS IN SECURITIES

Shares

At 30th September, 2002, the interests of the directors in the securities of the Company as recorded in the register maintained by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

	Number of shares and nature of interests	
	Personal Interests	**Corporate Interests**
Mr. Fang Hung, Kenneth	20,130,000	697,692,368 *(Note)*
Mr. Li Kwok Wai, Frankie	16,332,520	697,692,368 *(Note)*

Note:

These shares are held by Antrix Investment Limited, a company controlled by Mr. Fang Hung, Kenneth and Mr. Li Kwok Wai, Frankie.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance, discloses no person as having an interest of 10% or more of the issued share capital of the Company as at 30th September, 2002.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company has not compiled with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited except that the non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye Laws.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of securities of the Company or by any of its subsidiaries during the six months ended 30th September, 2002.

By order of the Board
Kelvin Lam
Company Secretary

Hong Kong, 20th December, 2002