



YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

YEEBO

4

2003

Interim Report

For the six months ended 30th September, 2003

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, 2003 which have been reviewed by the Company's audit committee and the auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Six months ended	
		30.9.2003 (Unaudited) HK\$'000	30.9.2002 (Unaudited) (Restated) HK\$'000
Turnover		150,069	146,770
Cost of sales		(125,108)	(123,950)
<hr/>			
Gross profit		24,961	22,820
Other operating income		1,912	3,469
Selling and distribution costs		(6,290)	(4,707)
Administrative expenses		(12,963)	(15,161)
Gain on disposal of investments in trading securities		3,297	–
Unrealised gain (loss) on investments in trading securities		26,118	(8,125)
<hr/>			
Profit (loss) from operations	4	37,035	(1,704)
Finance costs		(1,921)	(39)
<hr/>			
Profit (loss) before taxation		35,114	(1,743)
Taxation	5	(487)	(271)
<hr/>			
Net profit (loss) for the period		34,627	(2,014)
<hr/>			
Earnings (loss) per share	7		
Basic		HK3.32 cents	(HK0.19 cent)
<hr/>			

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30TH SEPTEMBER, 2003

		30.9.2003 (Unaudited)	31.3.2003 (Audited) (Restated)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	8	151,085	128,389
Investment properties	9	193,000	193,000
Club debentures		1,459	1,459
Deposits for acquisition of plant and equipment		1,850	3,328
		347,394	326,176
Current assets			
Inventories		73,387	72,311
Trade and other receivables	10	85,251	71,216
Bills receivable		3,602	1,716
Investments in trading securities		86,801	65,582
Bank balances and cash		13,454	15,959
		262,495	226,784
Current liabilities			
Trade and other payables	11	57,031	52,777
Bills payable		707	987
Taxation payable		104	–
Bank borrowings – due within one year	12	32,531	46,151
		90,373	99,915
Net current assets		172,122	126,869
Total assets less current liabilities		519,516	453,045
Non-current liabilities			
Bank borrowings – due after one year	12	144,216	112,755
Deferred taxation		1,018	635
		145,234	113,390
		374,282	339,655
Capital and reserves			
Share capital		208,713	208,713
Reserves		165,569	130,942
		374,282	339,655

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

	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, 2002 (Audited)						
– as originally stated	208,713	147,303	2,125	1,347	3,278	362,766
– prior period adjustment (Note 2)	–	–	–	–	(49)	(49)
– as restated	208,713	147,303	2,125	1,347	3,229	362,717
Loss for the period	–	–	–	–	(2,014)	(2,014)
At 30th September, 2002 and 1st October, 2002 (Unaudited and restated)	208,713	147,303	2,125	1,347	1,215	360,703
Loss for the period	–	–	–	–	(21,048)	(21,048)
At 31st March, 2003 and 1st April, 2003 (Audited and restated)	208,713	147,303	2,125	1,347	(19,833)	339,655
Profit for the period	–	–	–	–	34,627	34,627
At 30th September, 2003 (Unaudited)	208,713	147,303	2,125	1,347	14,794	374,282

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

	Six months ended	
	30.9.2003 (Unaudited) <i>HK\$'000</i>	30.9.2002 (Unaudited) <i>HK\$'000</i>
Net cash generated from (used in) operating activities	4,699	(5,419)
Net cash used in investing activities	(23,124)	(94,955)
Net cash generated from (used in) financing activities	16,195	(1,717)
Net decrease in cash and cash equivalents	(2,230)	(102,091)
Cash and cash equivalents at beginning of the period	15,684	175,664
Cash and cash equivalents at end of the period, represented by bank balances and cash	13,454	73,573

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 trading 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, 2003, except as described below.

Income Taxes

In the current interim period, the Group has adopted SSAP No. 12 (Revised) “Income Taxes”. The principal effect of the implementation of SSAP No. 12 (Revised) is in relation to deferred tax. In previous periods, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP No. 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP No. 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. As a result of this change in policy, the opening balance on accumulated loss at 1st April, 2003 has been increased by HK\$635,000 (the accumulated profit at 1st April, 2002 has been reduced by HK\$49,000). The profit for the six months ended 30th September, 2003 has been reduced by HK\$383,000 (the loss for the six months ended 30th September, 2002 has been decreased by HK\$11,000).

3. BUSINESS SEGMENTS

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

Six months ended 30th September, 2003 (Unaudited):

	Liquid Crystal Display HK\$'000	Investment property holding HK\$'000	Others HK\$'000	Total HK\$'000
Turnover				
External sales	133,819	-	9,005	142,824
Rental income	-	7,245	-	7,245
	133,819	7,245	9,005	150,069
Result				
Segment result	2,724	7,224	(1,051)	8,897
Dividend income				1,251
Interest income				12
Gain on disposal of investments in trading securities				3,297
Unrealised gain on investments in trading securities				26,118
Unallocated overheads				(2,540)
Profit from operations				37,035
Finance costs	(466)	(1,455)	-	(1,921)
Profit before taxation				35,114
Taxation				(487)
Profit for the period				34,627

3. BUSINESS SEGMENTS *(continued)*

Six months ended 30th September, 2002 (Unaudited):

	Liquid Crystal Display <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover			
External sales	136,162	10,608	146,770
Result			
Segment result	5,530	431	5,961
Dividend income			1,184
Interest income			1,179
Unrealised loss on investments in trading securities			(8,125)
Unallocated overheads			(1,903)
Loss from operations			(1,704)
Finance costs	(39)	-	(39)
Loss before taxation			(1,743)
Taxation			(271)
Loss for the period			(2,014)

4. PROFIT (LOSS) FROM OPERATIONS

Profit (loss) from operations has been arrived at after charging (crediting):

	Six months ended	
	30.9.2003 (Unaudited) <i>HK\$'000</i>	30.9.2002 (Unaudited) <i>HK\$'000</i>
Depreciation	11,877	8,196
Interest income	(12)	(1,179)

5. TAXATION

	Six months ended	
	30.9.2003	30.9.2002
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>

The tax charge comprises:

Current tax:		
Hong Kong Profits Tax	104	–
Income tax in the People's Republic of China (the "PRC")	–	282
	104	282
Deferred tax charge (credit):		
Current year	324	(11)
Attributable to change in tax rate in Hong Kong	59	–
	383	(11)
	487	271

In June 2003, the Hong Kong Profits Tax rate was increased from 16% to 17.5% with effect from 2003/2004 year of assessment. The effect of this increase has been reflected in the calculation of current and deferred tax balance at 30th September, 2003.

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

During the six months ended 30th September, 2002, the PRC income tax was calculated at the rate prevailing in the relevant jurisdiction.

6. DIVIDENDS

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

7. EARNINGS (LOSS) PER SHARE

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

	Six months ended	
	30.9.2003 (Unaudited) HK\$'000	30.9.2002 (Unaudited) (Restated) HK\$'000
Earnings (loss) for the purposes of basic earnings (loss) per share	34,627	(2,014)
	'000	'000
Number of ordinary shares for the purposes of basic earnings (loss) per share	1,043,564	1,043,564

No diluted earnings (loss) per share has been presented for both periods as there were no potential dilutive ordinary shares in issue.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th September, 2003, the Group spent approximately HK\$34,636,000 (HK\$18,418,000 for the six months ended 30th September, 2002) on the additions to property, plant and equipment to expand its operations.

9. INVESTMENT PROPERTIES

At 30th September, 2003, the directors have considered the carrying amounts of the Group's investment properties at revalued amounts 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.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

The Group allows a credit period of 30 – 90 days to its trade customers.

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

	30.9.2003 (Unaudited) HK\$'000	31.3.2003 (Audited) HK\$'000
Up to 30 days	46,406	35,894
31 – 60 days	17,093	13,363
61 – 90 days	7,165	7,415
91 – 120 days	2,184	559
Over 120 days	3,008	4,378
	75,856	61,609
Other receivables	9,395	9,607
	85,251	71,216

11. TRADE PAYABLES AND OTHER PAYABLES

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

	30.9.2003 (Unaudited) HK\$'000	31.3.2003 (Audited) HK\$'000
Up to 30 days	21,797	9,640
31 – 60 days	4,947	7,851
61 – 90 days	1,042	2,139
91 – 120 days	1,590	1,085
Over 120 days	2,609	1,808
	31,985	22,523
Other payables	25,046	30,254
	57,031	52,777

12. BANK BORROWINGS

During the period, the Group obtained a new bank loan amounting to HK\$50 million. The loan bears interest at the prevailing market rate and is repayable by 20 equal quarterly instalments of HK\$2,500,000 each. The proceeds were used to finance capital expenditure and working capital requirement.

13. RELATED PARTY TRANSACTIONS

During the six months ended 30th September, 2002, the Group purchased materials of HK\$394,000 from Cando Corporation ("Cando"), a former substantial shareholder of the Company. The transactions were carried out at market price. Cando disposed of its entire interests in the Company during the year ended 31st March, 2003.

The Group had no significant related party transactions during the six months ended 30th September, 2003.

14. CAPITAL COMMITMENTS

	30.9.2003 (Unaudited) HK\$'000	30.9.2002 (Unaudited) HK\$'000
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the financial statements	2,126	2,396

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

香港中環干諾道中111號
永安中心26樓

Tel : (852) 2852 1600
Fax : (852) 2541 1911
mail@deloitte.com.hk
www.deloitte.com

電話 : (852) 2852 1600
傳真 : (852) 2541 1911
mail@deloitte.com.hk
www.deloitte.com

**Deloitte
Touche
Tohmatsu**

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.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of 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, 2003.

Hong Kong, 18th December, 2003

MANAGEMENT DISCUSSION AND ANALYSIS

Review of operations and Prospect

The Group recorded a turnover of HK\$150.1 million for the six month period ended 30th September, 2003, including rental income of HK\$7.2 million from the investment properties acquired in the November 2002. Excluding the investment property holding business, the Group's turnover decreased by HK\$3.9 million and its gross profit ratio dropped from 15.5% to 12.4% as a result of the decrease in selling prices of our LCD products.

The investment properties provided the Group with a stable source of income. During the period, the Group received HK\$7.2 million rental income while HK\$1.5 million interest was incurred on the related bank loan directly financing the acquisition of the investment property.

The Group reported a profit before taxation of HK\$35.1 million for the period. HK\$29.4 million of the profit came from the unrealized and realized gain on investments in securities trading which provided us with a satisfactory return. This affirms that the Group made the right decision on our investment in securities.

Sales for LCD modules was low in the period under review since the development time involved were much longer than our LCD business. More products are being developed and we expect that sales of LCD modules would grow significantly in 2004. In order to satisfy the needs of our customers, we would continue to upgrade our manufacturing capability for STN and LCD modules so as to produce high-volume, high-quality STN as well as LCD modules. To match with our increasing production capability, more orders were received through our agents and we expect that sales of LCD and LCD modules in various overseas markets would gradually increase in the coming year.

Employment and remuneration policy

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

Liquidity and financial resources

The Group's working capital as at 30th September, 2003 amounted to HK\$172.1 million despite the fact that we had acquired HK\$34.6 million property, plant and equipment

As at 30th September, 2003, the Group had total assets of HK\$609.9 million which were financed by liabilities of HK\$235.6 million and shareholders' equity of HK\$374.3 million.

The Group had banking facilities amounted to HK\$261 million of which HK\$177 million were utilized; HK\$119 million related to a loan which was secured by the investment property. Other bank loans were not secured by any assets of the Group.

The Group's current ratio as a ratio of current assets to current liabilities, was 2.90 (31st March, 2003: 2.26). The gearing ratio, as a ratio of bank borrowings to networth, was 47.2% (31st March, 2003: 46.9%).

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

DIRECTORS' INTERESTS IN SECURITIES

Shares

At 30th September, 2003, the interests of the directors in the securities of the Company (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as notified to the Company were as follows:

	Number of shares and nature of interests	
	Personal Interests	Corporate Interests
Mr. Fang Hung, Kenneth	20,130,000	697,692,368 (<i>Note</i>)
Mr. Li Kwok Wai, Frankie	17,006,013	697,692,368 (<i>Note</i>)

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

As at 30th September, 2003, the following shareholder held an interest of 5% or more in the issued share capital of the Company which is required to be recorded in register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO.

Name of shareholder	Number of shares held	Percentage of issued shares
Liu Chong Hing Bank Limited	57,600,000	5.52%

Save as disclosed above and other than the interests disclosed in respect of directors above, as at 30th September, 2003, the Company was not notified by any persons who had an interest of 5% or more in the issued share capital of the Company which is required to be recorded under Section 336 of the SFO.

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 complied 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, 2003.

By order of the Board
Kelvin Lam
Company Secretary

Hong Kong, 18th December, 2003