YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

2019/20
INTERIM REPORT

CHAIRMAN'S STATEMENT

Dear Shareholders,

I take pleasure in presenting to our shareholders the results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September 2019.

As the trade disputes between USA and China remained unresolved, uncertainties lingered over the business trading environment during the reporting period. The Group turnover dropped from approximately HK$511 million to HK$451 and recorded a decrease in profit attributable to owners of the Company from HK$87 million to HK$63 million, down by 27%.

In the period under review, the demand for Liquid Crystal Display ("LCD") and Liquid Crystal Display Module ("LCM") decreased. Our customers were cautious in placing their orders amidst the prolonged Sino-USA trade war. On the other hand, tightening of the Group's credit policy towards customers with slow settlement history has inevitably affected the sales volume to certain extent. Going forward, the Group will strive to gain market share in industry with large volume demand like the electric meters, motor bikes and electrical vehicles with an aim to increase the utilization rate of the production capacity. On the other hand, the Group will strengthen the product development for Thin Film Transistor and Capacitive Touch Panel ("CTP") modules and value-added features for monochrome LCD and LCM to generate a higher profitability.

The Group's share of profit in Nantong Jianghai Capacitor Co. Ltd ("Nantong Jianghai"), a 31.84% owned associate of the Group, slided from HK$55 million to HK$47 million. The Sino-US trade dispute has led to a weakening in the demand for capacitors. Nevertheless Nantong Jianghai has well positioned itself to be the leading capacitor player in the People's Republic of China. I firmly believe that the prospect of Nantong Jianghai is very promising based on the following:

1. With its strong commitment to high quality control, aggressive marketing and perseverance with product development, Nantong Jianghai in determined to gain market share in the aluminium electrolytic capacitors market.

2. The super capacitors market is embarking on a fast growth rate driven by the high demand in the new energy market segment. The business will grow promisingly as full scale mass production in the new super capacitor plant is planned to commence in 2020.

3. The thin film capacitors segment is gaining sales momentum and recognition by new reputable branded customers, which proves the quality of the product.

4. Multi-layer polymer capacitor ("MLPC") is growing remarkably in recent years. The new production plant in Hubei province engaging in the sales and production of MLPC and small sized capacitors have commenced pilot run. It is projected that mass production will commence in the near future.

The share of profit in Kunshan Visionox Technology ("Kunshan Technology"), a 35.1% owned associate of the Group, amounted to HK$8 million as compared to HK$5 million in last year. While business is developing solidly, it is leveraging on its strong backbone in Organic Light Emitting Diode ("OLED") technology to develop OLED-related products to generate new sources of income.

Looking forward, the Group holds a conservative perspective in the second half year in light of the difficulties to forecast the coming economic development. Nevertheless, the Group pledges to accelerate the development of value-added product for high margin market segment and execute cost control measures to safeguard the profitability of the Group.

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

Fang Hung, Kenneth
Chairman

Hong Kong, 28th November, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a consolidated turnover for the 6 months ended 30th September, 2019 of approximately HK$451 million (2018: HK$511 million), a drop of HK$60 million or 12% as compared with the same period of last year. Profit attributable to owners of the Company was HK$63 million (2018: HK$87 million), representing a decrease of approximately HK$24 million or 27%.

The uncertainties over the prospects of a trade deal between China and USA and the deceleration of the global economy has weighed in on the sentiment of LCD and LCM businesses. External sales of LCD decreased by HK$52 million, from HK$143 million to HK$91 million. The LCD segment recorded a segment loss of approximately HK$2 million as compared with a segment profit of HK$10 million last year. The loss of the LCD segment was largely due to the fall in turnover and a one-off loss of HK$3 million provided. In September 2019, a fire broke out in one of the production chambers and caused damage to certain production facilities, machineries and inventories. Despite the unfortunate incident, there was no material disruption of the production. An estimated net loss provision of HK$3 million in relation to the fire accident was recorded in the period under review. Excluding the said one-off loss, the LCD segment posted a profit of HK$1 million. Turnover of LCM decreased by HK$29 million, from HK$326 million to HK$297 million, and the LCM segment recorded a segment profit of HK$26 million as compared with HK$30 million of last year. The drop in LCM segment profit was largely due to the fall in turnover and keen price competition, which led to a lower profitability. The LCD-related product segment was mainly related to CTP, which recorded a segment profit of HK$3 million (2018: HK$245,000). CTP sales rose from HK$41 million to HK$63 million or an increase of 54% which was a result of our committed efforts to gain market share in the high-value and growing CTP modules market segment.

As the Group's turnover decreased, the gross profit dropped from HK$83 million to HK$73 million. While production capacity was under-utilized during the period, the Group adopted cost tightening measures to control manufacturing costs and reduce slow moving stocks. Accordingly, we managed to maintain the gross profit margin at 16% (2018: 16%) in the period under review.

During the period, other income amounted to approximately HK$7 million (2018: HK$6 million). The other income mainly comprised tooling income, scrap sales, interest income and compensation received from vendors.

Net loss of HK$8 million (2018: net gain of HK$2 million) from other gains and losses for the current period was mainly attributable to exchange loss of approximately HK$5 million (2018: exchange gain of HK$2 million) due to the depreciation of Renminbi and the provision for fire loss as mentioned above (2018: nil).

Selling and distribution expenses amounted to approximately HK$37 million (2018: HK$38 million) or down by 3% which was mainly due to the decrease in promotional expenses.

Administrative expenses was HK$14 million which was at the same level as last year (2018: HK$14 million).

Investments in Associates

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

Nantong Jianghai, a 31.84% owned associate of the Group, is mainly engaged in the research, manufacture and sale of capacitors and related materials and components.

The share of profit from Nantong Jianghai for the period under review decreased from HK$55 million to HK$47 million, representing a decrease of HK$8 million or 15%. The Sino-US trade dispute has weakened the overall demand for aluminium electrolytic capacitors and the set up costs of the new factories have affected profitability during the period. The thin film capacitors business is growing progressively alongside with the expansion of the customer portfolio. The super capacitor products were well received by the market and the business is developing satisfactorily. Nantong Jianghai is set for higher sales volume of super capacitors when the full scale production in the new plant commences in 2020. For the new plant in Hubei Province, pilot run for small sized capacitors and multi-layer polymer capacitors were conducted and mass production is expected to commence in the near future.

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

In August 2018, the Group entered into agreements with Kunshan Govisionox Optoelectronics Co. Ltd., the largest shareholder of Kunshan Visionox Display Co. Ltd. ("Kunshan Display"), to dispose of its entire 43.87% interest in Kunshan Display for a consideration of RMB220 million. Upon completion, a one-off gain before taxation of approximately HK$244 million was recorded in the final results of the year ended 31st March, 2019. As Kunshan Display ceased to be an associate of the Group, no share of results for Kunshan Display was recorded in the period under review.

The share of profit from Kunshan Technology, a 35.1% owned associate of the Group which is engaged in the sales and production of organic light-emitting diodes ("OLED"), amounted to approximately HK$8 million which increased by approximately HK$3 million as compared with last year. During the period Kunshan Technology recorded a steady business growth with expansion in the overseas market. However, the Sino-US trade war has affected the demand of OLED towards the end of the third quarter, in particular in the wearable market. Thanks to the well-diversified customer portfolio, undesirable market impact has been mitigated to a certain extent.

Investment in Zaozhuang Visionox Electronics Technology Company Limited ("Zaozhuang Visionox")

Zaozhuang Visionox, a 40% owned associate of the Group, is situated in the Shandong Province. It is mainly engaged in the manufacture and sales of flexible printed circuits ("FPC") and OLED related materials. The Group's share of loss in the current period amounted to HK$1 million as compared to a share of profit of HK$2 million in last year, mainly due to the reduction of government grant income. The construction of the new FPC plant is expected be completed in 2020, by then mass production will commence.

Income Tax

Effective tax rate in relation to the Group's core business (income tax expenses excluding the withholding tax on undistributed profits in associates as a percentage of profit before income tax excluding share of results of associates) was 26% (2018: 20%). The increase in effective tax rate was largely due to the non-deduction of exchange losses recorded during the period under review.

PROSPECTS

Given the prevailing Sino-US trade war and the slowdown of the global economy, the Group took a prudent view on the results for the second half year. The Group will strengthen the product development of Thin Film Transistor ("TFT") and CTP modules to capture more business in the high-value product market. Furthermore, the Group will launch a more aggressive marketing program to gain more market share in the high-volume-order segment, which aims to increase the production capacity utilization. The Group will also adopt cost control measures to enhance profitability. On the other hand, it is expected that Nantong Jianghai and Kunshan Technology will continue to make positive profit contribution to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2019, the Group's current ratio was 1.6 (31st March, 2019: 2.1). The gearing ratio, as a ratio of bank borrowings to net worth, was nil (31st March, 2019: nil).

As at 30th September, 2019, the Group had total assets of approximately HK$2,222 million, which were financed by liabilities of HK$446 million and total equity of HK$1,776 million.

As at 30th September, 2019, the Group's banking facilities amounted to approximately HK$163 million (31st March, 2019: HK$163 million) of which approximately HK$0.2 million (31st March, 2019: HK$0.2 million) were utilized mainly for issuance of letters of credit, short term loan and bills payable.

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

CONTINGENT LIABILITIES AND CHARGES OF ASSETS

The Group did not have any significant contingent liabilities and there were no significant charges or pledges on any of the Group's assets as at 30th September, 2019.

EMPLOYMENT AND REMUNERATION POLICY

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

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

DIVIDEND

The directors have resolved not to recommend the payment of an interim dividend for the six months ended 30th September, 2019.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 30th September, 2019, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in the shares of the Company

	Personal interests	Number of shares and nature of interests through controlled corporations	Total	Percentage of Company's issued capital
Mr Fang Hung, Kenneth	20,130,000	–	20,130,000	2.01%
Mr Li Kwok Wai, Frankie *(Note (i))*	143,402,381	570,000,000	713,402,381	71.37%
Mr Leung Tze Kuen *(Note (ii))*	1,860,000	–	1,860,000	0.19%

Notes:

(i) Antrix Investment Limited owns 570,000,000 shares of the Company. Mr Li Kwok Wai, Frankie beneficially owns 41.70% of the issued share capital of Antrix Investment Limited.

(ii) The 1,860,000 shares represent shares granted under the share award scheme of the Company and are subject to the satisfactory fulfilment of vesting conditions.

Save as disclosed above, as at 30th September, 2019, none of the directors, the chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2019, the following interests and short position of 5% or more in the shares and underlying shares of the Company were recorded in register maintained by the Company pursuant to Section 336 of the SFO.

Long position in the shares of the Company

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

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

Save as disclosed above, as at 30th September, 2019, the Company was not notified by any persons who had interests or short positions of 5% or more in the shares and underlying shares of the Company which is required to be recorded under Section 336 of the SFO.

CORPORATE GOVERNANCE

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 on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviation:

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

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the directors. Having made specific enquiries of all directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30th September, 2019.

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, 2019.

AUDIT COMMITTEE

The Audit Committee comprises two of the three independent non-executive directors, namely Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian; as well as Mr. Fang Yan Tak, Douglas, non-executive director. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September, 2019.

Deloitte.
德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF YEEBO (INTERNATIONAL HOLDINGS) LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Yeebo (International Holdings) Limited (the "Company") and its subsidiaries set out on pages 11 to 34, which comprise the condensed consolidated statement of financial position as of 30th September, 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28th November, 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September, 2019

	Notes	Six months ended 30.9.2019 HK$'000 (unaudited)	30.9.2018 HK$'000 (unaudited)
Revenue	3	**450,957**	510,717
Cost of sales		**(377,514)**	(427,554)
Gross profit		**73,443**	83,163
Other income		**7,234**	6,428
Other gains and losses	4	**(7,821)**	2,144
Selling and distribution expenses		**(37,453)**	(38,039)
Administrative expenses		**(13,640)**	(13,702)
Finance costs		**(230)**	(642)
Share of results of associates	5	**53,879**	63,856
Profit before income tax		**75,412**	103,208
Income tax expense	6	**(8,697)**	(11,568)
Profit for the period	7	**66,715**	91,640
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive income (expense) of an associate		**3,126**	(3,605)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations			
Subsidiaries		**2,991**	5,252
Associates		**(86,049)**	(135,484)
Total comprehensive expense for the period		**(13,217)**	(42,197)
Profit for the period attributable to:			
Owners of the Company		**63,127**	86,910
Non-controlling interests		**3,588**	4,730
		66,715	91,640
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(15,219)**	(43,692)
Non-controlling interests		**2,002**	1,495
		(13,217)	(42,197)
Earnings per share			
Basic – HK cents	9	**6.3**	8.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2019

	Note	30.9.2019 HK$'000 (unaudited)	31.3.2019 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	10	**247,261**	246,947
Investment properties		**1,478**	1,579
Prepayment for acquisition of plant and equipment		**9,266**	2,510
Interests in associates	5	**1,350,753**	1,403,259
Financial assets at fair value through profit or loss ("FVTPL")		**2,739**	2,739
Intangible assets		**1,459**	1,459
		1,612,956	1,658,493
Current assets			
Inventories		**128,505**	147,478
Trade and other receivables	11	**230,975**	200,691
Amounts due from associates		**75**	51
Financial assets at FVTPL		**1,813**	1,962
Bank balances and cash		**247,325**	318,123
		608,693	668,305
Current liabilities			
Trade and other payables	12	**291,512**	290,386
Contract liabilities		**11,256**	13,411
Dividend payable		**51,394**	–
Lease liabilities		**4,241**	–
Tax payable		**24,336**	20,907
		382,739	324,704
Net current assets		**225,954**	343,601
Total assets less current liabilities		**1,838,910**	2,002,094

	Note	30.9.2019 HK$'000 (unaudited)	31.3.2019 HK$'000 (audited)
Non-current liabilities			
Deferred tax liabilities		**56,378**	57,828
Lease liabilities		**6,381**	–
		62,759	57,828
		1,776,151	1,944,266
Capital and reserves			
Share capital	*13*	**199,928**	199,928
Reserves		**1,552,140**	1,720,673
Equity attributable to owners of the Company		**1,752,068**	1,920,601
Non-controlling interests		**24,083**	23,665
Total equity		**1,776,151**	1,944,266

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2019

	Attributable to owners of the Company											
	Shares capital	Share premium	Capital reserve *(Note 1)*	Capital redemption reserve	Translation reserve	Shares award reserve	Share held for award scheme	Other reserve *(Note 2)*	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2018 (audited)	199,928	110,750	2,125	10,132	127,270	6,655	(15,441)	4,702	1,348,427	1,794,548	34,139	1,828,687
Profit for the period	–	–	–	–	–	–	–	–	86,910	86,910	4,730	91,640
Other comprehensive expense for the period												
Share of other comprehensive expense of an associate	–	–	–	–	–	–	–	(3,605)	–	(3,605)	–	(3,605)
Exchange differences arising on translation of foreign operations	–	–	–	–	(126,997)	–	–	–	–	(126,997)	(3,235)	(130,232)
Total comprehensive (expense) income for the period	–	–	–	–	(126,997)	–	–	(3,605)	86,910	(43,692)	1,495	(42,197)
Shares purchased for share award scheme	–	–	–	–	–	–	(4,680)	–	–	(4,680)	–	(4,680)
Recognition of equity-settled share-based payment expenses under share award scheme	–	–	–	–	–	905	–	–	–	905	–	905
Shares vested under share award scheme	–	–	–	–	–	(151)	448	–	(297)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(4,387)	(4,387)
Dividend – declared *(Note 8)*	–	–	–	–	–	–	–	–	(49,982)	(49,982)	–	(49,982)
At 30th September, 2018 (unaudited)	199,928	110,750	2,125	10,132	273	7,409	(19,673)	1,097	1,385,058	1,697,099	31,247	1,728,346
At 1st April, 2019 (audited)	199,928	110,750	2,125	10,132	23,465	6,521	(15,910)	(3,504)	1,587,094	1,920,601	23,665	1,944,266
Profit for the period	–	–	–	–	–	–	–	–	63,127	63,127	3,588	66,715
Other comprehensive expense for the period												
Share of other comprehensive income of an associate	–	–	–	–	–	–	–	3,126	–	3,126	–	3,126
Exchange differences arising on translation of foreign operations	–	–	–	–	(81,472)	–	–	–	–	(81,472)	(1,586)	(83,058)
Total comprehensive (expense) income for the period	–	–	–	–	(81,472)	–	–	3,126	63,127	(15,219)	2,002	(13,217)

	Attributable to owners of the Company											
	Shares capital	Share premium	Capital reserve *(Note 1)*	Capital redemption reserve	Translation reserve	Shares award reserve	Share held for award scheme	Other reserve *(Note 2)*	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Shares purchased for share award scheme	–	–	–	–	–	–	(4,698)	–	–	(4,698)	–	(4,698)
Recognition of equity-settled share-based payment expenses under share award scheme	–	–	–	–	–	1,330	–	–	–	1,330	–	1,330
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,547)	(1,547)
Dividend – declared *(Note 8)*	–	–	–	–	–	–	–	–	(149,946)	(149,946)	–	(149,946)
Release of non-controlling interests upon disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(37)	(37)
At 30th September, 2019 (unaudited)	199,928	110,750	2,125	10,132	(58,007)	7,851	(20,608)	(378)	1,500,275	1,752,068	24,083	1,776,151

Note 1: 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.

Note 2: The other reserve of the Group represented the share of fair value change on financial assets at fair value through other comprehensive income from an associate.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September, 2019

	Six months ended	
	30.9.2019	30.9.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash from operating activities	**67,089**	42,763
Investing activities		
Advance to a company owned by the management of an unlisted associate	**(33,872)**	–
Purchase of property, plant and equipment	**(11,540)**	(13,484)
Prepayment for acquisition of property, plant and equipment	**(8,507)**	(7,985)
Advance to associates	**(28)**	–
Dividend received from the associates, net of withholding tax	**22,446**	24,460
Interest income received	**1,547**	443
Proceeds from disposals of property, plant and equipment	**311**	585
Proceeds from disposal of a subsidiary	**96**	–
Withdrawal of pledged bank deposit	**–**	1,864
Dividend received from financial assets at FVTPL	**–**	1
Net cash (used in) from investing activities	**(29,547)**	5,884
Financing activities		
Dividends paid	**(99,964)**	–
Payment for purchase of shares for share award scheme	**(4,698)**	(4,680)
Repayment of lease liabilities	**(1,699)**	–
Dividend paid to non-controlling interests	**(143)**	(3,167)
Interest paid	**(230)**	(642)
Repayment of bank borrowings	**–**	(75,917)
Bank borrowings raised	**–**	59,667
Net cash used in financing activities	**(106,734)**	(24,739)
Net (decrease) increase in cash and cash equivalents	**(69,192)**	23,908
Cash and cash equivalents at beginning of the period	**318,123**	41,261
Effect of change in foreign exchange rates	**(1,606)**	(2,044)
Cash and cash equivalents at end of the period, represented by bank balances and cash	**247,325**	63,125

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2019

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments and interpretation to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1st April, 2019 for the preparation of the Group's condensed consolidated financial statements:

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases

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

2.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transitional provisions of HKFRS 16.

Definition of a lease

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

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

As a lessee

Short-term leases

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

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(continued)*

2.1 Key changes in accounting policies resulting from application of HKFRS 16 *(continued)*

As a lessee (continued)

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

The Group presents right-of-use assets in "property, plant and equipment", the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(continued)*

2.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Lease liabilities *(continued)*

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

Taxation

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

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

As a lessee

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

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1st April, 2019. No adjustments were recognised to the opening retained profits at the date of initial application as the differences are not material and comparative information has not been restated.

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

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

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

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

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised additional lease liabilities and right-of-use assets at amount equals to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition..

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.09% per annum. No adjustments on the present value of these lease liabilities is recognised in opening retained profits as the impact is considered not material.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16 *(continued)*

As a lessee (continued)

	At 1st April, 2019 ***HK$'000***
Operating lease commitments disclosed as at 31st March, 2019	**10,875**
Lease liabilities discounted at relevant incremental borrowing rates	**10,233**
Less: Recognition exemption – short-term leases of rented premises	**(536)**
Lease liabilities as at 1st April, 2019	**9,697**
Analysed as	
Current	**2,915**
Non-current	**6,782**
	9,697
Right-of-use assets as at 1st April, 2019 relating to operating leases recognised upon application of HKFRS 16	
– rented premises	**8,485**
– motor vehicles	**1,212**
	9,697

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16 *(continued)*

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

	Carrying amounts previously reported at 31st March, 2019 *HK$'000*	Adjustments *HK$'000*	Carrying amounts under HKFRS 16 at 1st April, 2019 *HK$'000*
Non-current assets			
Property, plant and equipment	246,947	9,697	256,644
Current liabilities			
Lease liabilities	–	(2,915)	(2,915)
Non-current liabilities			
Lease liabilities	–	(6,782)	(6,782)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30th September, 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1st April, 2019 as disclosed above.

3. REVENUE/SEGMENT INFORMATION

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

3. REVENUE/SEGMENT INFORMATION *(continued)*

The Group's revenue represents income from the manufacture and sales of LCDs, LCMs and LCD-related products and are recognised at a point in time. Under the transfer-of control approach in HKFRS 15, revenue from sales of products is recognised when the products are delivered and titled are passed to customers, which is the point of time when the control of products is transferred to the customer and the customer has the ability to direct the use of the products.

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

Six months ended 30th September, 2019

	LCDs *HK$'000*	LCMs *HK$'000*	LCD-related optical products *HK$'000*	LCD-related products *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Revenue							
External sales	91,244	296,908	111	62,694	450,957	–	450,957
Inter-segment sales	43,662	12,915	–	–	56,577	(56,577)	–
Total	134,906	309,823	111	62,694	507,534	(56,577)	450,957
Segment profit (loss)	(1,520)	26,197	(145)	2,546			27,078
Interest income							1,547
Net exchange loss							(4,985)
Unallocated administrative costs							(1,877)
Finance costs							(230)
Share of results of associates							53,879
Profit before income tax							75,412

3. REVENUE/SEGMENT INFORMATION *(continued)*

Six months ended 30th September, 2018

	LCDs *HK$'000*	LCMs *HK$'000*	LCD-related optical products *HK$'000*	LCD-related products *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Revenue							
External sales	143,170	326,160	173	41,214	510,717	–	510,717
Inter-segment sales	59,361	21,569	–	–	80,930	(80,930)	–
Total	202,531	347,729	173	41,214	591,647	(80,930)	510,717
Segment profit (loss)	9,698	30,013	(449)	245			39,507
Interest income							443
Net exchange gain							1,994
Unallocated administrative costs							(1,950)
Finance costs							(642)
Share of results of associates							63,856
Profit before income tax							103,208

Segment profit (loss) represents the profit (loss) generated from/incurred by each segment, net of selling and distribution expenses and administrative expenses directly attributable to each segment without allocation of interest income, net exchange gain (loss), unallocated administrative costs, finance costs and share of results of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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

3. REVENUE/SEGMENT INFORMATION *(continued)*

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

Information about the Group's revenue from external customers by geographical location are detailed below:

	Six months ended	
	30.9.2019	30.9.2018
	HK$'000	*HK$'000*
Hong Kong	**50,217**	45,793
Mainland China	**77,195**	90,796
Japan	**78,805**	86,345
United States	**31,040**	60,341
Taiwan	**17,716**	21,793
Germany	**54,309**	43,514
Spain	**25,263**	27,687
Other European countries	**91,140**	96,249
Other Asian countries	**18,284**	27,613
Other countries	**6,988**	10,586
	450,957	510,717

Due to the diversification in customers, the Group has no single customer contributing over 10% of the total revenue of the Group under the periods of review.

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2019	30.9.2018
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**232**	150
Net exchange (loss) gain	**(4,985)**	1,994
Gain on disposal of a subsidiary	**32**	–
Other loss *(Note)*	**(3,100)**	–
	(7,821)	2,144

Note: Other loss represents an estimated net loss on certain production facilities, machineries and inventories arising from a fire accident happened in September 2019.

5. INTERESTS IN ASSOCIATES

	30.9.2019	31.3.2019
	HK$'000	*HK$'000*
Share of net assets		
Listed associate	**1,175,534**	1,223,000
Unlisted associates	**175,219**	180,259
	1,350,753	1,403,259
Fair value of listed associate	**1,903,356**	2,376,449

6. INCOME TAX EXPENSE

	Six months ended	
	30.9.2019	30.9.2018
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax		
Hong Kong	**3,085**	2,961
The People's Republic of China (the "PRC"), other than Hong Kong, Macau and Taiwan	**2,893**	4,992
Other jurisdictions	**787**	1,322
	6,765	9,275
Deferred taxation		
Current period	**1,932**	2,293
	8,697	11,568

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying companies will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of companies not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the Group.

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

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

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

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended	
	30.9.2019	30.9.2018
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment *(Note)*	**24,819**	26,691
Share of tax of associates (included in share of results of associates)	**12,137**	12,199
Interest expense for lease liabilities	**230**	–
Interest expenses for bank borrowing	**–**	642
(Reversal of)/allowances for obsolete inventories (included in cost of sales)	**(2,882)**	8,152
Allowances for credit losses	**3,088**	1,418

Note: Depreciation of property, plant and equipment included HK$1,970,000 (six months ended 30th September, 2018: nil) for right-of-use assets.

8. DIVIDENDS

	Six months ended	
	30.9.2019	30.9.2018
	HK$'000	*HK$'000*
Special dividend in respect of the year ended 31st March, 2019 of HK10 cents per share (six months ended 30th September, 2018: nil)	**99,964**	–
Final dividend in respect of the year ended 31st March, 2019 of HK5 cents per share (six months ended 30th September, 2018: HK5 cents per share for the year ended 31st March, 2018)	**49,982**	49,982
	149,946	49,982

9. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2019	30.9.2018
Earnings attributable to owners of the Company for the purpose of basic earnings per share (HK$'000)	**63,127**	86,910
Number of ordinary shares for the purpose of basic earnings per share	**999,641,171**	999,641,171

The directors of the Company consider that dilutive impact arising from share awards is insignificant for both periods.

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group spent approximately HK$12,954,000 (six-month period ended 30th September, 2018: HK$16,864,000) on additions to the property, plant and equipment, which are mainly for the production of LCDs, LCMs and LCD–related products in the manufacturing plants in PRC.

During the current interim period, the Group entered into some new lease agreements for the use of rented premises and motor vehicles for 1 to 4 years. The Group is required to make fixed monthly payments during the contract period. On lease commencement during the current interim period, the Group recognised right-of-use assets of HK$2,952,000 and lease liabilities of HK$2,952,000.

11. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLES

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

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

	30.9.2019	31.3.2019
	HK$'000	*HK$'000*
1 – 30 days	**93,108**	81,838
31 – 60 days	**36,720**	30,785
61 – 90 days	**8,378**	25,209
91 – 120 days	**4,572**	4,169
Over 120 days	**5,951**	6,702
	148,729	148,703

As at 30th September, 2019, included in the Group's trade receivables balance are debtors with carrying amount of HK$10,402,000 (31st March, 2019: HK$7,695,000) which has been past due 90 days or more and is not considered as in default as the directors assessed that the balances will be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer. The Group does not hold any collateral over these balances.

Other receivables include an advance to a company owned by the management of an unlisted associate of HK$33.8 million which is repayable within 1 year.

12. TRADE AND OTHER PAYABLES

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

	30.9.2019	31.3.2019
	HK$'000	*HK$'000*
Up to 30 days	**48,738**	49,272
31 – 60 days	**27,793**	14,115
61 – 90 days	**20,187**	20,762
91 – 120 days	**11,547**	14,711
Over 120 days	**11,791**	16,576
	120,056	115,436

All the Group's bills payables amounting to HK$182,000 as at 30th September, 2019 and HK$160,000 as at 31st March, 2019 were due within 90 days.

13. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised ordinary shares of HK$0.2 each		
At 1st April, 2018, 30th September, 2018, 31st March, 2019 and 30th September, 2019	**2,000,000**	400,000
Issued and fully paid		
At 1st April, 2018, 30th September, 2018, 31st March, 2019 and 30th September, 2019	**999,641**	199,928

14. SHARE AWARD SCHEME

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

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

The table below discloses movement of the Company's shares held under the scheme:

	2019 Number of shares	2018 Number of shares
Outstanding as at 1st April	**9,478,000**	9,624,000
Forfeited during the period	**–**	(285,000)
Vested during the period	**–**	(285,000)
Outstanding as at 30th September	**9,478,000**	9,054,000

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair value of the financial assets is determined.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30th September, 2019	31st March, 2019		
	HK$'000	*HK$'000*		
Financial assets at FVTPL				
– unlisted equity securities	**2,739**	2,739	Level 3	Income capitalisation approach/ growth rate and discount rate*
– bills receivables	**1,726**	1,848	Level 3	Discounted cash flows/ discount rate#
– listed equity securities	**87**	114	Level 1	Quoted bid prices in an active market

* An increase in the long-term pre-tax operating margin would result in an increase in the fair value measurement of the equity instruments, and vice versa. The higher the discount rate, the lower the fair value.

\# The higher the discount rate, the lower the fair value.

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

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

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

During the current period, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3.

16. CAPITAL COMMITMENTS

	30.9.2019	31.3.2019
	HK$'000	*HK$'000*
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	**19,439**	17,072

17. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

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

	Six months ended	
	30.9.2019	30.9.2018
	HK$'000	*HK$'000*
Short-term benefits	**3,977**	4,740
Post-employment benefits	**133**	171
	4,110	4,911