



YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

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2020/21 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 2020.

As Covid-19 outbreak in early 2020, the pandemic slowed down the global economy during the reporting period. The Group turnover dropped from approximately HK\$451 million to HK\$436 million due to a lack of demand. Nevertheless, the Group recorded an increase of the profit attributable to owners of the Company from HK\$63 million to HK\$81 million, which was mainly contributed by the increase in share of profits from associates.

In the period under review, the impact of restrictions to contain the spread of Covid-19 dampened the economic activities around the world and put stress on the demand for both Liquid Crystal Display ("LCD") and Liquid Crystal Display Module ("LCM"). The global market weakened to a great extent. The under utilization situation in the manufacturing sector entailed an intensive market price competition. Furthermore, the increase in manufacturing cost stemming from the appreciation of Renminbi transformed to lower profit margin for the core business in the current period.

To combat the challenges posed by the pandemic, the Group adopted dynamic pricing strategy to maintain our competitiveness and implemented cost reduction and production efficiency enhancing measures to safeguard the profitability. On the other hand, the Group has set the stage for the economic recovery once the current situation abates. The group will strengthen the product development in Thin Film Transistor ("TFT") and Thin Film Transistor-Capacitive Touch Panel ("TFT-CTP") modules and value-added features for monochrome LCD and LCM to capture more market shares in the high-value market segment and generate a higher profitability. Moreover, we have invested in a new production line which will upgrade and expand the production facilities of the TFT modules and TFT-CTP modules.

The Group's share of profit of Nantong Jianghai Capacitor Company Ltd ("Nantong Jianghai") a 31.7%-owned associate, uplifted from HK\$47 million to HK\$63 million amid the lacklustre of the global economy triggered by the pandemic. The impressive result of Nantong Jianghai is a reflection of the success of its committed strategy in the following arenas:

1. Leveraging on its long established strong technological and marketing platform in aluminium electrolytic capacitors market, Nantong Jianghai has expanded into the super capacitors, thin film capacitors and multilayer polymer capacitors market. This gives rise to a synergetic effect on the business development of Nantong Jianghai. It is one of the very few capacitors manufacturers in the world that possess the capability to develop, manufacture and market such a wide range of capacitors.

2. Broad market coverage in both the consumer and industrial markets, which spread over into the new energy, power grid, industrial robots, 5G telecommunication, consumer electronics, rail transportation and uninterrupted power supply arena. This provides a well diversified market and customer portfolio to sustain growth.
3. Vertical integration into production of key raw materials for aluminum electrolytic capacitor, thin film capacitors and super capacitors. Not only can this provide the capability to manufacture a wide range of capacitors in terms of large-small size, high-low voltage and high specific capacitance, most important of all it has also established a cost comparative advantage and secured a reliable and high quality supply of critical raw material internally.

The Group's share of profit in Suzhou QingYue Optoelectronics Technology Co Ltd. ("Suzhou QingYue", formerly known as Kunshan Visionox Technology Ltd.), a 35.1%-owned associate, increased by HK\$6 million to HK\$14 million as compared with last year. Suzhou QingYue demonstrated a strong financial performance in the period under review. The Organic Light Emitted Diode ("OLED") business continued to register growth in those high growth segment like the medical equipment, medical and health care products. On the other hand, leveraging on its strong research and development team, Suzhou QingYue strives to broaden its product line with an aim to generate business growth. Recently, Suzhou QingYue has successfully launched e-paper modules to capture the growing demand for energy saving display, which is expected to provide positive contribution in the future.

The global spread of Covid-19 has cast uncertainties over the outlook for global economic growth. The Group holds a prudent perspective in the second half year. Nevertheless, the Group pledges to maintain the profitability of the Group by adopting aggressive marketing strategy in high value market and implementing production optimization plans.

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

27th November, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a consolidated turnover for the six months ended 30th September, 2020 of approximately HK\$436 million (2019: HK\$451 million), a decrease of HK\$15 million or 3% as compared with the same period of last year. Profit attributable to owners of the Company was HK\$81 million (2019: HK\$63 million), representing an increase of approximately HK\$18 million or 29%.

The Covid-19 pandemic has brought unprecedented impact on the business operating environment. Both consumption and manufacturing activities weakened resulting in a drop in demand globally. As revealed in the Group's revenue analysis, sales of the Liquid Crystal Displays ("LCD") registered a slight increase of 3% to HK\$94 million mainly contributed by the increase in the medical and healthcare product sector. Sales of Liquid Crystal Display Modules ("LCM") slid from HK\$297 million to HK\$294 million. The drop in market demand of monochrome LCM was mostly compensated by the increase in Thin Film Transistor ("TFT") modules sales due to aggressive marketing. The sales in the LCD-related products which represent Capacitive Touch Panel ("CTP") and CTP modules dropped by 25% to HK\$47 million largely attributable to the slowdown of demand in Japan market. To mitigate the situation, the Group responded by focusing on swift recovery of production and shifting the marketing target at high growth market segment. Nevertheless, the profitability has been affected due to (1) keen price competition as a result of the oversupply situation in the manufacturing sector; (2) the appreciation of Renminbi which elevated the manufacturing costs; and (3) under-utilization of production capacity leading to under-absorption of factory overheads. As a result, gross profit dropped from HK\$73 million to HK\$61 million and the gross profit margin decreased from 16.3% to 14.1% in the period under review.

Other income items mainly comprised government grant, tooling income, scrap sales and rental income. During the period, other income amounted to approximately HK\$15 million (2019: HK\$7 million). The uplift was mainly due to the increase in government grant.

Net loss of HK\$6 million from other gains and losses for current period was mainly attributable to exchange loss.

Selling and distribution expenses amounted to approximately HK\$36 million (2019: HK\$37 million), down by 3% which was mainly due to the tight control in promotional expenses.

Administrative expenses was HK\$14 million (2019: HK\$14 million) which was at the same level as in last year.

Investments in Associates

Investment in Nantong Jianghai Capacitor Company Ltd (“Nantong Jianghai”)

Nantong Jianghai, a 31.7%-owned associate of the Group, is mainly engaged in the manufacture and sales of aluminum electrolytic, thin film and super capacitors, and the production and sales of aluminum formed foil for high-performance aluminum electrolytic capacitors.

The share of profit from Nantong Jianghai for the period under review rose from HK\$47 million to HK\$63 million, representing an increase of HK\$16 million or 34%. In the period under review, Nantong Jianghai delivered a promising financial performance mainly attributable to the following reasons:

1. The aluminium electrolytic capacitors business continued to exhibit a strong foothold in the market and registered a strong sales growth. Thanks to the speedy resumption of production amid the pandemic, Nantong Jianghai was able to secure more orders both in PRC and overseas markets. Aggressive marketing strategy to target at high growth markets like medical equipment and new energy markets has proved to be effective and successful.
2. The thin film capacitors operation carried out an optimization of production resulting in higher production capacity utilization and its market development exhibited a solid progress.
3. The supercapacitors business grew promisingly alongside with the smooth production in the new plant. High growth potential markets like new energy, rail transportation and power grid have become its core growth pillars for business expansion.
4. For the new plant in Hubei Province producing small size capacitors and multi-layer polymer capacitors, the pilot run was smooth. The product testing and customer approval process was also well underway.

Investment in Suzhou QingYue Optoelectronics Technology Co. Ltd. (“Suzhou QingYue”, formerly known as Kunshan Visionox Technology Co. Ltd.)

The share of profit from Suzhou QingYue, a 35.1%-owned associate engaged in the sales and production of Organ Light Emitted Diode (“OLED”), was approximately HK\$14 million, an increase of HK\$6 million over last year. Suzhou QingYue managed to register a strong sales growth largely because it has successfully captured a significant market share in the medical equipment, medical and health care product markets to replace the downfall in sales in the wearable markets. Furthermore Suzhou QingYue successfully developed e-paper modules as a new product line which was introduced to the market in the period under review. It is expected that the new business line will provide high growth momentum in the future. The production optimization, inventory management and production efficiency was further enhanced which has been translated into higher profitability.

Investment in Zaozhuang Reinno Electronics Technology Co Ltd (“Zaozhuang Reinno”, formerly known as Zaozhuang Visionox Electronics Technology Co. Ltd)

Zaozhuang Reinno, a 40%-owned associate of the Group situated in the Shandong Province, is mainly engaged in the manufacture and sales of flexible printed circuits (“FPC”) and OLED related materials. The Group’s share of loss from Zaozhuang Reinno in the current period amounted to HK\$1 million, a decrease of HK\$0.5 million from last year. The product development progress was slower than expected, which was the main reason for the operating loss in the period under review.

Income Tax

Effective tax rate in relation to the Group’s core business (income tax expenses excluding withholding tax on undistributed profits in associates as a percentage of profit before income tax excluding share of results of associates) was 24% (2019: 26%).

PROSPECTS

Given the uncertainties on the timing of the recovery of the global economy, the Group took a prudent view on the results for the second half year of the financial year. The Group is committed to focus on the product development of LCM, TFT modules and CTP modules to capture more market share in high-value products segment and enhance the production process with a view of improving efficiency in order to maintain the profitability of the Group. On the other hand, it is expected that Nantong Jianghai and Suzhou QingYue will continue to make positive profit contribution to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2020, the Group’s current ratio was 1.9 (31st March, 2020: 2.3). The gearing ratio, as a ratio of bank borrowings to net worth, was 0.2% (31st March, 2020: 0.2%).

As at 30th September, 2020, the Group had total assets of approximately HK\$2,343 million, which were financed by liabilities of HK\$391 million and total equity of HK\$1,952 million.

As at 30th September, 2020, the Group’s banking facilities amounted to approximately HK\$163 million (31st March, 2020: HK\$163 million) of which approximately HK\$4 million (31st March, 2020: HK\$4 million) were utilized mainly for issuance of letters of credit, short term loans and bills payable.

Certain subsidiaries of the Group have foreign currency assets and liabilities, which expose the Group to foreign currency risk. The management continues to monitor 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, 2020.

EMPLOYMENT AND REMUNERATION POLICY

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

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

DIVIDEND

The directors have resolved not to recommend the payment of an interim dividend for the six months ended 30th September, 2020.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

At 30th September, 2020, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

Long position in the shares of the Company

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

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

Save as disclosed above, as at 30th September, 2020, 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, 2020, 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 <i>(Note)</i>	Directly beneficially owned	570,000,000	57.02%
Esca Investment Limited <i>(Note)</i>	Indirectly beneficially owned	570,000,000	57.02%
Megastar Venture Limited <i>(Note)</i>	Indirectly beneficially owned	570,000,000	57.02%
Fang Brothers Holdings Limited <i>(Note)</i>	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, 2020, the Company was not notified by any persons who had interests or short positions of 5% or more in the shares and underlying shares of the Company which is required to be recorded under Section 336 of the SFO.

CORPORATE GOVERNANCE

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 on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities of 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, 2020.

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, 2020.

AUDIT COMMITTEE

The Audit Committee comprises two of the three independent non-executive Directors, namely Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian; as well as Mr. Fang Yan Tak, Douglas, non-executive Director. The Audit Committee has reviewed 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, 2020.

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 28, which comprise the condensed consolidated statement of financial position as of 30th September, 2020 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

27th November, 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September, 2020

		Six months ended	
	<i>Notes</i>	30.9.2020	30.9.2019
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	435,593	450,957
Cost of sales		(374,215)	(377,514)
Gross profit		61,378	73,443
Other income	4	14,507	7,234
Other gains and losses	5	(6,320)	(7,821)
Selling and distribution expenses		(36,007)	(37,453)
Administrative expenses		(13,953)	(13,640)
Finance costs		(233)	(230)
Share of results of associates		75,546	53,879
Profit before income tax		94,918	75,412
Income tax expense	7	(9,226)	(8,697)
Profit for the period	8	85,692	66,715
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive income of associates, net of related income tax		2,187	3,126
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations			
Subsidiaries		19,559	2,991
Associates		57,976	(86,049)
Total comprehensive income (expense) for the period		165,414	(13,217)

		Six months ended	
	<i>Note</i>	30.9.2020	30.9.2019
		HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Profit for the period attributable to:			
Owners of the Company		81,277	63,127
Non-controlling interests		4,415	3,588
		85,692	66,715
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		158,866	(15,219)
Non-controlling interests		6,548	2,002
		165,414	(13,217)
		HK cents	<i>HK cents</i>
Earnings per share			
– basic	<i>10</i>	8.3	6.3
– diluted	<i>10</i>	8.2	6.3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2020

	<i>Notes</i>	30.9.2020 <i>HK\$'000</i> (unaudited)	31.3.2020 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	<i>11</i>	231,338	219,936
Right-of-use assets		7,255	9,164
Investment properties		1,277	1,378
Prepayment for acquisition of plant and equipment		17,887	14,412
Interests in associates	<i>6</i>	1,473,403	1,364,423
Financial assets at fair value through profit or loss ("FVTPL")		5,615	2,739
Intangible assets		1,459	1,459
		1,738,234	1,613,511
Current assets			
Inventories		134,219	111,450
Trade and other receivables	<i>12</i>	226,800	170,129
Amounts due from associates		31	31
Financial assets at FVTPL		–	5,662
Dividend receivables from an associate		5,595	–
Bank balances and cash		237,622	230,626
		604,267	517,898
Current liabilities			
Trade and other payables	<i>13</i>	244,615	203,318
Dividend payable		49,131	–
Contract liabilities		7,291	7,487
Lease liabilities		2,665	3,928
Tax payable		12,606	10,071
Bank borrowings		4,205	4,022
		320,513	228,826
Net current assets		283,754	289,072
Total assets less current liabilities		2,021,988	1,902,583

	<i>Note</i>	30.9.2020 HK\$'000 (unaudited)	31.3.2020 HK\$'000 (audited)
Non-current liabilities			
Deferred tax liabilities		65,174	58,801
Lease liabilities		5,153	5,598
		70,327	64,399
		1,951,661	1,838,184
Capital and reserves			
Share capital	<i>14</i>	199,928	199,928
Reserves		1,713,269	1,605,532
Equity attributable to owners of the Company		1,913,197	1,805,460
Non-controlling interests		38,464	32,724
Total equity		1,951,661	1,838,184

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2020

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserve (Note 1) HK\$'000	Capital redemption reserve	Translation reserve	Share award reserve	Shares held for award scheme	Other reserve (Note 2) HK\$'000	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, 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)
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 9)	-	-	-	-	-	-	-	-	(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
At 1st April, 2020 (audited)	199,928	110,750	2,125	10,132	(61,199)	9,085	(22,450)	(8,859)	1,565,948	1,805,460	32,724	1,838,184
Profit for the period	-	-	-	-	-	-	-	-	81,277	81,277	4,415	85,692
Other comprehensive expense for the period	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	2,108	-	2,108	79	2,187
Exchange differences arising on translation of foreign operations	-	-	-	-	75,481	-	-	-	-	75,481	2,054	77,535
Total comprehensive (expense) income for the period	-	-	-	-	75,481	-	-	2,108	81,277	158,866	6,548	165,414

Attributable to owners of the Company

	Share capital	Share premium	Capital reserve (Note 1)	Capital redemption reserve	Translation reserve	Share award reserve	Shares 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	-	-	-	-	-	-	(4,677)	-	-	(4,677)	-	(4,677)
Recognition of equity-settled share-based payment expenses under share award scheme	-	-	-	-	-	1,250	-	-	-	1,250	-	1,250
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(808)	(808)
Dividend – declared (Note 9)	-	-	-	-	-	-	-	-	(49,131)	(49,131)	-	(49,131)
Share of other equity movement in interest in associates	-	-	-	-	-	-	-	1,429	-	1,429	-	1,429
At 30th September, 2020 (unaudited)	199,928	110,750	2,125	10,132	14,282	10,335	(27,127)	(5,322)	1,598,094	1,913,197	38,464	1,951,661

Note 1: The capital reserve of the Group represents the difference between the aggregate nominal value of the share capital of acquired subsidiaries and the aggregate nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1993, and after the reclassification of the amounts related to the share premium arising from issue of shares of a subsidiary prior to the group reorganisation to the capital reserve and after reserve movements at the time of the capital reduction in previous year.

Note 2: The other reserve of the Group represented: (a) the share of fair value change on financial assets at fair value through other comprehensive income from associates and (b) other equity transactions of an associate, including the premium paid for additional interests in subsidiaries acquired by the associate.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September, 2020

	Six months ended 30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)
Operating activities		
Operating cash flow before movements in working capital	47,960	44,360
(Increase) decrease in inventories	(14,366)	14,961
Increase in trade and other receivables	(24,981)	(5,583)
Increase in trade and other payable	40,663	15,461
Other operating cash flows	189	38
Cash generated from operating activities	49,465	69,237
Income tax paid	(1,859)	(2,148)
Net cash from operating activities	47,606	67,089
Investing activities		
Purchase of property, plant and equipment	(9,009)	(11,540)
Prepayment for acquisition of property, plant and equipment	(19,859)	(8,507)
Dividend received from the associates, net of withholding tax	21,429	22,446
Interest income received	482	1,547
Proceeds from disposals of property, plant and equipment	182	311
Loan/advance to a company owned by the management of an unlisted associate	(28,465)	(33,872)
Advance to associates	-	(28)
Proceeds from disposal of a subsidiary	-	96
Net cash used in investing activities	(35,240)	(29,547)
Financing activities		
Repayment of lease liabilities	(2,575)	(1,699)
Interest paid	(233)	(230)
Dividends paid	-	(99,964)
Payment for purchase of shares for share award scheme	(4,677)	(4,698)
Dividend paid to non-controlling interests	-	(143)
Net cash used in financing activities	(7,485)	(106,734)
Net increase (decrease) in cash and cash equivalents	4,881	(69,192)
Cash and cash equivalents at beginning of the period	230,626	318,123
Effect of change in foreign exchange rates	2,115	(1,606)
Cash and cash equivalents at end of the period, represented by bank balances and cash	237,622	247,325

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2020

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 additional accounting policies resulting from application of amendments 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, 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual period beginning on or after 1st April, 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the 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 of application on Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31st March, 2021.

3. REVENUE/SEGMENT INFORMATION

Prior to current period, the Group was organised into four operating divisions by type of product sold including liquid crystal displays (“LCD”), liquid crystal display modules (“LCM”), LCD-related optical products and LCD-related products. In the current period, the Group reorganised its internal reporting structure by combining the four operating division into one operating segment on LCD and LCM products (“LCD & LCM”). Prior year disclosures have been represented to conform with the current period’s presentation.

Segment profit represents the gross profit generated in operating segment and certain items of other income, other gains and losses, net of selling and distribution expenses and administrative expenses directly attributable to the segment without allocation of interest income, gain on fair value changes of financial assets at FVTPL, unallocated administrative expenses, net exchange differences, finance costs and share of results of associates. This is the measure reported to the chief operating decision maker (“CODM”) for the purposes of resource allocation and performance assessment.

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

	Six months ended	
	30.9.2020	30.9.2019
	HK\$’000	HK\$’000
Revenue – LCD & LCM	435,593	450,957
Segment profit – LCD & LCM	26,768	27,078
Interest income	482	1,547
Net exchange loss	(8,683)	(4,985)
Gain on fair value changes of financial assets at FVTPL	2,876	–
Unallocated administrative expenses	(1,838)	(1,877)
Finance costs	(233)	(230)
Share of results of associates	75,546	53,879
Profit before income tax	94,918	75,412

3. REVENUE/SEGMENT INFORMATION *(continued)*

The CODM makes decisions according to operating results of the segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

The Group's revenue represents income from the manufacture and sales of LCD & LCM products and are recognised at a point in time. 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:

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
LCD	94,378	91,244
LCM	294,055	296,908
LCD – related optical products	85	111
LCD – other related products	47,075	62,694
	435,593	450,957

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	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
Hong Kong	41,402	50,217
Mainland China	86,964	77,195
Japan	56,553	78,805
United States	39,171	31,040
Taiwan	21,847	17,716
Germany	52,806	54,309
Spain	26,583	25,263
Other European countries	91,884	91,140
Other Asian countries	15,360	18,284
Other countries	3,023	6,988
	435,593	450,957

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 INCOME

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
Government grant <i>(note)</i>	9,893	140
Others	611	976
Tooling income	1,830	1,084
Scrap sales	674	701
Rental income	518	556
Forfeit of customer deposit	–	745
Interest income	482	1,547
Compensation income	499	1,485
	14,507	7,234

Note: It represented cash received from unconditional grants by the respective local governments in the Mainland China and Hong Kong.

5. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
Gain on fair value changes of financial assets at FVTPL	2,876	–
Gain on disposal of property, plant and equipment	64	232
Gain on disposal of a subsidiary	–	32
Net exchange loss	(8,683)	(4,985)
Others	(577)	(3,100)
	(6,320)	(7,821)

6. INTERESTS IN ASSOCIATES

	30.9.2020 <i>HK\$'000</i>	31.3.2020 <i>HK\$'000</i>
Share of net assets		
Listed associate	1,290,510	1,196,915
Unlisted associates	182,893	167,508
	1,473,403	1,364,423
Fair value of listed associate	2,905,378	2,228,466

7. INCOME TAX EXPENSE

	Six months ended	
	30.9.2020 <i>HK\$'000</i>	30.9.2019 <i>HK\$'000</i>
The tax charge comprises:		
Current tax		
Hong Kong	2,184	3,085
People's Republic of China (the "PRC") other than Hong Kong, Macau and Taiwan	3,537	2,893
Other jurisdictions	235	787
	5,956	6,765
Deferred taxation	3,270	1,932
	9,226	8,697

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

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% for both periods, except one of the Company's PRC subsidiaries is entitled to 15% (six months ended 30th September, 2019: 25%) as it was approved as Hi-Tech Enterprise on 2nd December, 2019.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

8. PROFIT FOR THE PERIOD

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

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	23,370	22,849
Depreciation of right-of-use assets	2,148	1,970
Interest expense for lease liabilities	172	230
Interest expense for bank borrowing	61	–
Reversal of allowances for obsolete inventories (included in cost of sales)	(2,448)	(2,882)
Allowances for credit losses, net of reversal	1,926	3,088
Share of tax of associates (included in share of results of associates)	9,751	12,137

9. DIVIDENDS

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
Special dividend in respect of the year ended 31st March, 2019 of HK10 cents per share	–	99,964
Final dividend in respect of the year ended 31st March, 2020 of HK5 cents per share (six months ended 30th September, 2019: HK5 cents per share for the year ended 31st March, 2019)	49,982	49,982
	49,982	149,946

For the six months ended 30th September, 2020, the Group declared dividends amounting to HK\$49,982,000. The difference between this amount and the amount of dividends recognised as a distribution disclosed in the consolidated statement of changes in equity represented the dividends to be paid to the Group's share award scheme.

10. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	81,277	63,127
	Number of shares '000	Number of shares '000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	984,259	999,641
Effect of dilutive potential ordinary shares in respect of unvested shares awarded under the share award scheme	5,275	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	989,534	999,641

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

The directors of the Company consider that dilutive impact arising from unvested shares awarded under the share award scheme is insignificant for the six months ended 30th September, 2019.

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group spent HK\$26,076,000 (six-month period ended 30th September, 2019: HK\$12,954,000) on additions to the property, plant and equipment, which are mainly for the production of LCDs, LCMs and LCD – other related products in the manufacturing plants in the PRC.

12. TRADE AND OTHER 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:

	30.9.2020 <i>HK\$'000</i>	31.3.2020 <i>HK\$'000</i>
1 – 30 days	79,998	67,057
31 – 60 days	43,530	30,104
61 – 90 days	15,700	13,402
91 – 120 days	6,461	6,881
Over 120 days	4,459	6,181
	150,148	123,625

As at 30th September, 2020, included in the Group's trade receivables balance are debtors with carrying amount of HK\$8,877,000 (31st March, 2020: HK\$8,758,000) 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 a loan to a company owned by the management of an unlisted associate of HK\$28.5 million (31st March, 2020: nil) which is interest bearing and repayable within one year.

13. TRADE AND OTHER PAYABLES

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

	30.9.2020 <i>HK\$'000</i>	31.3.2020 <i>HK\$'000</i>
Up to 30 days	103,383	42,083
31 – 60 days	19,147	12,086
61 – 90 days	3,064	18,498
91 – 120 days	1,187	15,357
Over 120 days	13,940	18,394
	140,721	106,418

14. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised ordinary shares of HK\$0.2 each		
At 1st April, 2019, 30th September, 2019, 31st March, 2020 and 30th September, 2020	2,000,000	400,000
Issued and fully paid		
At 1st April, 2019, 30th September, 2019, 31st March, 2020 and 30th September, 2020	999,641	199,928

15. 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.

Movements in the number of invested awarded shares were as follows:

	2020 Number of shares	2019 Number of shares
Outstanding as at 1st April	11,552,000	9,478,000
Forfeited during the period	(244,000)	–
Outstanding as at 30th September	11,308,000	9,478,000

16. 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, 2020 HK\$'000	31st March, 2020 HK\$'000		
Financial assets at FVTPL				
- unlisted equity securities	5,615	2,739	Level 3	Discounted cash flows/discount rate*
- bills receivables	-	5,662	Level 3	Discounted cash flows/discount rate#

* 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.

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

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

	Bills <i>HK\$'000</i>	Unlisted equity securities <i>HK\$'000</i>
At 31st March, 2019 (audited)	1,848	2,739
Additions	75,248	–
Disposals	(71,434)	–
<hr/>		
At 31st March, 2020 (audited)	5,662	2,739
Total gains:		
– in profit or loss	–	2,876
Disposals	(5,662)	–
<hr/>		
At 30th September, 2020 (unaudited)	–	5,615

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

17. CAPITAL COMMITMENTS

	30.9.2020 <i>HK\$'000</i>	31.3.2020 <i>HK\$'000</i>
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	11,688	12,602

18. 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 was as follows:

	Six months ended	
	30.9.2020 <i>HK\$'000</i>	30.9.2019 <i>HK\$'000</i>
Short-term benefits	3,977	3,977
Post-employment benefits	133	133
<hr/>		
	4,110	4,110