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YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 259)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2016

The Board of Directors of Yeebo (International Holdings) Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2016 are summarised as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Revenue	3	910,654	918,940
Cost of sales		(787,643)	(799,891)
Gross profit		123,011	119,049
Other income	4	10,181	11,205
Other gains and losses		2,304	(1,261)
Selling and distribution expenses		(58,658)	(52,221)
Administrative expenses		(22,670)	(21,683)
Finance costs		(671)	(743)
Share of results of associates and reversal of impairment loss (<i>note</i>)	5	190,361	194,910
Share of result of a joint venture		127	262
Profit before income tax		243,985	249,518
Income tax expense	6	(20,440)	(18,438)
Profit for the year		223,545	231,080

note: This includes the share of results of associates of HK\$95,273,000 (2015: HK\$79,121,000).

	<i>NOTE</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations		<u>(34,908)</u>	<u>(186)</u>
Total comprehensive income for the year		<u>188,637</u>	<u>230,894</u>
Profit for the year attributable to:			
Owners of the Company		<u>201,004</u>	208,549
Non-controlling interests		<u>22,541</u>	<u>22,531</u>
		<u>223,545</u>	<u>231,080</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>173,514</u>	207,993
Non-controlling interests		<u>15,123</u>	<u>22,901</u>
		<u>188,637</u>	<u>230,894</u>
		<i>HK cents</i>	<i>HK cents</i>
Earning per share – basic	8	<u><u>20.0</u></u>	<u><u>20.6</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2016

	<i>NOTES</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		268,036	258,338
Investment properties		1,207	–
Prepayment for acquisition of plant and equipment		5,672	16,762
Interests in associates		977,013	882,198
Interest in a joint venture		–	721
Available-for-sale investments		2,739	2,739
Intangible assets		1,459	1,459
Pledged bank deposit		45,896	–
		1,302,022	1,162,217
Current assets			
Inventories	<i>9</i>	95,545	115,814
Trade and other receivables	<i>10</i>	178,291	176,065
Bills receivables		22,316	20,218
Amounts due from associates		118	94
Held for trading investments		344	–
Tax recoverable		–	2,399
Bank balances and cash		43,591	41,756
		340,205	356,346
Current liabilities			
Trade and other payables	<i>11</i>	218,082	249,579
Bank borrowings		25,543	13,439
Tax payable		32,106	24,146
		275,731	287,164
Net current assets		64,474	69,182
Total assets less current liabilities		1,366,496	1,231,399
Non-current liability			
Deferred tax liabilities		22,288	17,221
		1,344,208	1,214,178
Capital and reserves			
Share capital		199,928	202,231
Reserves		1,108,691	991,481
Equity attributable to owners of the Company		1,308,619	1,193,712
Non-controlling interests		35,589	20,466
Total equity		1,344,208	1,214,178

Notes:

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent company is Antrix Investment Limited (incorporated in the British Virgin Islands (the “BVI”)) and its ultimate holding company is Esca Investment Limited (incorporated in the BVI). The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries (“the Group”) are the manufacturing and sale of liquid crystal displays (“LCDs”) and liquid crystal displays modules (“LCMs”) products.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied for the first time in the current year the following amendments to HKFRSs:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ⁴
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers ¹
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKAS 7	Disclosure Initiative ⁵
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁵

¹ Effective for annual periods beginning on or after 1st January, 2018

² Effective for annual periods beginning on or after 1st January, 2016

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1st January, 2019

⁵ Effective for annual periods beginning on or after 1st January, 2017

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

The key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss (“FVTPL”), HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have impact on amounts reported in respect of the Group’s financial assets and financial liabilities and it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

Except as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

The Group is organised into four operating divisions according to the types of products sold, which are LCDs, LCMs, LCD-related products that are widely used in electronic consumer products and LCD-related optical products. The Group’s operating segments are determined 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.

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

2016

	LCDs HK\$'000	LCMs HK\$'000	LCD- related products HK\$'000	LCD- related optical product HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenue							
External sales	323,618	577,324	9,712	-	910,654	-	910,654
Inter-segment sales	111,441	-	-	-	111,441	(111,441)	-
Total	<u>435,059</u>	<u>577,324</u>	<u>9,712</u>	<u>-</u>	<u>1,022,095</u>	<u>(111,441)</u>	<u>910,654</u>
Segment profit (loss)	<u>26,113</u>	<u>47,222</u>	<u>(17,747)</u>	<u>(202)</u>	<u>55,386</u>	-	55,386
Interest income							285
Dividend income							272
Fair value changes of held for trading investments							(164)
Unallocated administrative costs							(3,745)
Net exchange gain							2,134
Finance costs							(671)
Share of results of associates and reversal of impairment loss							190,361
Share of result of a joint venture							127
Profit before income tax							<u>243,985</u>

2015

	LCDs HK\$'000	LCMs HK\$'000	LCD- related products HK\$'000	LCD- related optical product HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenue							
External sales	373,465	543,239	2,236	-	918,940	-	918,940
Inter-segment sales	130,188	-	-	-	130,188	(130,188)	-
Total	<u>503,653</u>	<u>543,239</u>	<u>2,236</u>	<u>-</u>	<u>1,049,128</u>	<u>(130,188)</u>	<u>918,940</u>
Segment profit (loss)	<u>42,416</u>	<u>33,751</u>	<u>(15,637)</u>	<u>(378)</u>	<u>60,152</u>	-	60,152
Interest income							426
Dividend income							219
Unallocated administrative costs							(4,528)
Net exchange loss							(1,180)
Finance costs							(743)
Share of results of associates and reversal of impairment loss							194,910
Share of result of a joint venture							262
Profit before income tax							<u>249,518</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit generated (loss incurred) in each segment, net of selling and distribution expenses and administrative costs directly attributable to each segment without allocation of interest income, dividend income, fair value changes of held for trading investments, unallocated administrative costs, net exchange differences, finance costs, share of results of associates and reversal of impairment loss and share of results of a joint venture. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at cost or cost plus a percentage of mark-up.

Other segment information

The following other segment information is included in the measure of segment profit:

2016

	LCDs <i>HK\$'000</i>	LCMs <i>HK\$'000</i>	LCD-related products <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation	33,348	1,210	4,864	39,422	181	39,603
Gain on disposal of property, plant and equipment	(196)	-	-	(196)	(2)	(198)
Allowance for (reversal of) doubtful debts	970	(708)	-	262	-	262
Allowance for obsolete inventories	4,275	7,070	159	11,504	24	11,528

2015

	LCDs <i>HK\$'000</i>	LCMs <i>HK\$'000</i>	LCD-related products <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation	28,367	3,543	-	31,910	178	32,088
Loss on disposal of property, plant and equipment	81	-	-	81	-	81
(Reversal of) allowance for doubtful debts	(715)	(2,202)	-	(2,917)	310	(2,607)
Allowance for obsolete inventories	3,366	4,381	-	7,747	245	7,992

Segment assets and liabilities

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.

Geographical information

The Group operates in two principal geographical areas, including Hong Kong and other regions in the People's Republic of China ("PRC").

Information about the Group's revenue from external customers and information about its non-current assets by geographical location of the customers and assets respectively, are detailed below:

	Revenue from external customers		Non-current assets	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	102,020	104,181	57,761	6,461
Other regions of the PRC	201,071	237,939	264,398	269,920
Japan	135,913	123,613	–	–
United States	109,291	81,082	–	–
Taiwan	44,497	62,087	–	–
Germany	74,931	71,699	–	–
Other European countries	178,814	164,971	111	178
Other Asian countries	54,484	64,669	–	–
Other countries	9,633	8,699	–	–
	910,654	918,940	322,270	276,559

Note: Non-current assets exclude interests in associates, interest in a joint venture and available-for-sale investments.

No customer has contributed over 10% of the total revenue of the Group for both years.

4. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Dividend income from investments held for trading	272	219
Interest on bank deposits	285	426
Scrap sales	1,419	2,809
Tooling income	5,667	5,978
Others	2,538	1,773
	10,181	11,205

5. SHARE OF RESULTS OF ASSOCIATES AND REVERSAL OF IMPAIRMENT LOSS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Listed in the PRC:		
Share of profit	<u>57,979</u>	<u>70,150</u>
Unlisted associate:		
Share of profit	37,294	8,971
Reversal of impairment loss	<u>95,088</u>	<u>115,789</u>
	<u>132,382</u>	<u>124,760</u>
	<u>190,361</u>	<u>194,910</u>

In prior years, the business of Kunshan Visionox Display Company Limited (“Kunshan Visionox”), an unlisted associate principally engaged in the development, manufacturing and selling of OLED products, was affected by the slower than expected development of the OLED markets and the Group had assessed the recoverable amount of its interests in Kunshan Visionox. The recoverable amount had been determined on the basis of a value in use calculation. That calculation used cash flow forecasts derived from the then most recent financial budgets and forecast over a five-year period, approved by the management. The directors reviewed the anticipated profitability and the anticipated future operating cash flows of Kunshan Visionox and determined the recoverable amount of the interest in Kunshan Visionox at that time was nil.

Starting from the year ended 31st March, 2015 and at 31st March 2016, due to Kunshan Visionox commencing to make profit and the completion of the restructuring of Kunshan Visionox, the directors of the Company have considered that there is objective evidence of a reversal of impairment at the end of the reporting period. At the end of the reporting period, the Group has assessed the recoverable amount of the entire carrying amount of its interest in the unlisted associate. The recoverable amount has been determined on the basis of value in use calculation. That calculation uses cash flow forecasts derived from the most recent financial budgets and forecast over the five-year period, approved by the management using a discount rate of 18.62% (2015: 19.24%). The directors reviewed the anticipated profitability and the anticipated future operating cash flows of this unlisted associate. In view of current market environment, the actual performance was better than forecasted performance. The directors of the Company considered that the balance of the impairment loss on interest in the unlisted associate could be fully reversed as at 31st March 2016. Accordingly, the Group has recorded a share of profit of HK\$37,294,000 (2015: 8,971,000) and a reversal of the impairment loss on interest in the unlisted associate of approximately HK\$95,088,000 (2015: 115,789,000) during the year.

Pursuant to the relevant approval obtained for the capital reduction of Kunshan Visionox, capital return of HK\$53 million was received by the Group from Kunshan Visionox during the year ended 31st March, 2016, and a second and final sum is expected to be received in the near future.

6. INCOME TAX EXPENSE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax		
Hong Kong	11,228	7,973
Other jurisdictions	4,459	6,626
	<u>15,687</u>	<u>14,599</u>
(Over) underprovision in prior years		
Hong Kong	871	(8)
Other jurisdictions	(1,952)	(543)
	<u>14,606</u>	14,048
Deferred taxation		
Charge for the year	5,834	4,390
	<u>20,440</u>	<u>18,438</u>

7. DIVIDENDS

Dividends recognised as distributions during the year:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final dividend in respect of the year ended 31st March, 2015 of HK4.0 cents per share (2015: Final dividend in respect of the year ended 31st March, 2014 of HK3.0 cents per share)	<u>40,102</u>	<u>30,335</u>

Proposed dividends:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final – HK5.0 cents (2015: HK4.0 cents) per share	49,982	40,446
Special – HK5.0 cents (2015: nil) per share	49,982	–
	<u>99,964</u>	<u>40,446</u>

The proposed final and special dividends for the year are subject to approval by the shareholders in the forthcoming annual general meeting.

8. EARNING PER SHARE

The calculation of the basic earning per share is based on the profit attributable to the owners of the Company for the year and 1,004,889,269 (2015: 1,011,155,171) weighted average number of ordinary shares in issue.

No diluted earning per share is presented as there was no significant potential ordinary shares outstanding during both years and as at the end of the reporting period.

9. INVENTORIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Raw materials	34,094	54,303
Work in progress	17,727	19,286
Finished goods	43,724	42,225
	<u>95,545</u>	<u>115,814</u>

10. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	152,566	139,102
Other receivables	14,982	21,275
Deposits	6,733	3,884
Prepayments	4,010	11,804
	<u>178,291</u>	<u>176,065</u>

The Group has a policy of allowing credit periods ranging from 30 days to 120 days. Trade receivables that were neither past due nor impaired are related to a number of independent customers that have a good track record with the Group.

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, at the end of the reporting period presented based on the invoice date (which approximated the respective revenue recognition dates):

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
1 – 30 days	79,843	68,428
31 – 60 days	25,228	32,903
61 – 90 days	34,747	21,808
91 – 120 days	12,748	15,963
	<u>152,566</u>	<u>139,102</u>

11. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	96,476	119,006
Accrued charges	76,959	73,630*
Other payables	36,793	43,353*
Deposits received from customers	7,094	9,801
Bills payables	760	3,789
	<u>218,082</u>	<u>249,579</u>
Amount analysed for reporting purposes as:		
Trade and other payables	217,322	245,790
Bills payables	760	3,789
	<u>218,082</u>	<u>249,579</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Up to 30 days	31,155	35,059
31 – 60 days	13,025	18,977
61 – 90 days	22,346	28,600
91 – 120 days	13,370	21,621
Over 120 days	16,580	14,749
	<u>96,476</u>	<u>119,006</u>

All the Group's bills payables as at 31st March, 2016 and 2015 were due within 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a consolidated turnover for the year ended 31st March, 2016 of approximately HK\$911 million (2015: HK\$919 million), a slight decrease of HK\$8 million or 1 % as compared with last year. Profit attributable to owners of the Company was HK\$201 million (2015: 209 million), representing a decrease of approximately HK\$8 million.

External sales of the Liquid Crystal Displays (“LCD”) for the year under review amounted to HK\$324 million. It was down by 13% when compared to HK\$374 million for the previous year, mainly due to fall in demand. Turnover of the Liquid Crystal Display Modules (“LCM”) increased by HK\$34 million, from HK\$543 million to HK\$577 million. The increase in LCM turnover was largely attributable to the increase in the sales of the Thin Film Transistor (“TFT”) modules. In the segment results, the LCD segment recorded a decrease in segment profit of HK\$16 million from HK\$42 million for the previous year to HK\$26 million for the year under review because of the drop in turnover and the keen price competition. The LCM segment recorded an increase in segment profit of HK\$13 million from HK\$34 million to HK\$47 million which was mainly attributable to strong growth in TFT sales. The LCD-related products segment was related to Capacitive Touch Panel (“CTP”), which recorded a segment loss of HK\$18 million (2015: HK\$16 million). The CTP market has been prevailed by intensified price competition in recent years and our sales build-up period is longer than expected. Although the CTP sales is gaining momentum, the CTP segment is not expected to provide significant contribution to the Group in the near future.

The Group recorded a gross profit of approximately HK\$123 million (2015: 119 million) and a gross profit margin of 13.5% (2015: 13%) for the year under review. While the current year’s gross profit margin was about the same as last year, it was under pressure for three main reasons: (1) the demand for monochrome displays fell in the second half of the year, which affected the selling price and the production capacity utilization; (2) continuous rising in wages in the People’s Republic of China (“PRC”); and (3) under utilization in the CTP manufacturing plant.

During the year, other income amounted to approximately HK\$10 million (2015: HK\$11 million). The other income mainly composed tooling income and scrap sales.

Net gain from other gains and losses for current year was mainly attributable to exchange gain.

Selling and distribution expenses amounted to approximately HK\$59 million (2015: HK\$52 million) and maintained at 6% of turnover (2015: 6%). The increase was mainly due to the increase in promotional expenses and staff costs.

Administrative expenses amounted to HK\$23 million (2015: HK\$22 million) and maintained at about 2.5% of sales. (2015: 2.4%).

Investments in Associates

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

Nantong Jianghai is mainly engaged in the manufacture and sales of aluminium electrolytic capacitors and related components, and the production and sales of aluminium formed foil for high-performance aluminium electrolytic capacitors.

The share of profit from Nantong Jianghai amounted to HK\$58 million (2015: HK\$70 million), which dropped by HK\$12 million as compared to last year.

The market demand for aluminium electrolytic capacitors was soft and affected the profit in the year under review. The operating costs were up mainly due to the initial costs incurred for developing two products, namely the thin film capacitors and super capacitors. Commercial production of thin film capacitors has commenced and the related production capacity has been expanded during the year. For super capacitor, product development was well underway. The fall in profitability was also due to the non-recurrence of the one-off gain from disposing 60% interest of a then wholly-owned subsidiary principally engaged in the manufacture and sales of top decks to a third party in last year.

The aluminium electrolytic capacitor market has shown sign of recovery and the profit attributable to the owners of Nantong Jianghai increased by approximately 9% in the first quarter of 2016 as compared with the same period of last year.

Investment in Kunshan Visionox Display Co. Ltd. (Kunshan Visionox)

Kunshan Visionox, an associate of the Company, is a manufacturer of Organic Light Emitting Diode (“OLED”) products. The Group’s share of results of Kunshan Visionox in the current year comprised a share of profit of HK\$37 million (2015: HK\$9 million) and a reversal of impairment loss previously recognized of HK\$95 million (2015: HK\$116 million). Kunshan Visionox’s performance exhibited impressive improvement in current year due to a remarkable sales growth with a well-diversified range of application segments in the passive mode OLED market. The market segment coverage included medical, electronic toll collection, financial electronic devices and wearables. After due assessment, the Group decided to reverse the remaining balance of the impairment loss previously recognised.

Pursuant to the relevant approval obtained for the capital reduction of Kunshan Visionox, capital return of HK\$53 million was received by the Group from Kunshan Visionox during the year ended 31st March, 2016, and a second and final sum is expected to be received in the near future.

Income Tax

Effective tax rate (income tax expense as a percentage of profit before income tax excluding share of results of associates and reversal of impairment loss) for the year under review was 38.1% (2015: 33.8%). If the withholding tax on undistributed profits in associates of HK\$5,848,000 (2015: HK\$4,404,000) was excluded, the effective tax rate in relation to the Group’s core business would be 27.2% (2015: 25.7%). The increase is mainly due to the increase in loss incurred in the CTP segment in which no tax loss benefit has been recognized.

Principal Risks and Uncertainties

There are a number of factors affecting the results and business operations of the Group. The most significant risk is the uncertainty in the economic environment, both globally and in PRC, especially after Britain's decision to leave the European Union. Intense competition in the displays market will also affect the profitability of the Group. Moreover, the shortage of labour and increase in wage rate may also have an impact on the cost structure of the Group.

Environmental Policies and Performance

The Group takes corporate social responsibility to heart, and environmental sustainability is one of its top priorities. The Group has put in place a systematic approach towards integrating green and sustainable practices in its operations, implementing measures in the areas of environmentally-friendly product design, carbon emission reduction, process management, energy and resource management and supply chain management to minimize the negative impact of the Group's operations on the environment. Environmental protection facilities in the Group's manufacturing plants have been upgraded, enhancing the processing and management capacity of wastewater, gas emissions, general waste and recycled materials.

Compliance with Relevant Laws and Regulations

The Group's operations are mainly carried out in Mainland China and Hong Kong, and the Company was incorporated in Bermuda and its shares listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year under review, the Group has complied with all the laws and regulations in the above-mentioned jurisdictions.

Relationship with Key Stakeholders

- (i) Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. It is the objective of the Group to continue to be an attractive employer for committed employees. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. In addition, the Group offers competitive remuneration packages to the employees. The Group has also adopted a share award scheme to recognise and reward the contribution of the employees to the growth and development of the Group.
- (ii) The Group has developed long-standing relationships with a number of suppliers and take great care to ensure that they share the Group's commitment to quality and ethics. The Group also carefully selects its suppliers of manufacturing and require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.
- (iii) The Group is committed to offer a broad and diverse range of value-for-money, good-quality products to its customers.

PROSPECTS

Looking ahead, the economic environment of the core display business remains very challenging. To equip with high product quality to meet the market demand, we have decided to install a new

LCD production line to expand the production capacity as well as upgrade product quality. Coupled with a well-diversified customer bases, the Group has the competitive edge to gain more market share in the industrial segment and the TFT market segment. The gross profit margin will still be under pressure; therefore, cost control measures and production automation plans will continue to be implemented. On the other hand, leveraging on its leading position in the passive mode OLED market, Kunshan Visionox would be expected to deliver promising results. Overall, the Group adopted a cautious view on the profit outlook in the coming year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2016, the Group's current ratio was 1.2 (31st March, 2015: 1.2). The gearing ratio, as a ratio of bank borrowings to net worth, was 1.9% (31st March, 2015: 1.1%).

As at 31st March 2016, the Group had total assets of approximately HK\$1,642 million, which were financed by liabilities of HK\$298 million and total equity of HK\$1,344 million.

As at 31st March 2016, the Group's banking facilities amounted to approximately HK\$195 million (31st March, 2015: HK\$148 million) of which approximately HK\$29 million (31st March, 2015: HK\$19 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

As at 31st March, 2016, the Group pledged bank deposits of approximately HK\$46 million (2015: Nil) with a financial institution for a banking facility granted to the senior management of Kunshan Visionox to finance their acquisition of shares in a subsidiary of Kunshan Visionox. Other than the above, the Group did not have any significant contingent liabilities and there were no significant charges of pledges on any of the Group's assets.

EMPLOYMENT AND REMUNERATION POLICY

The remuneration package for the Group's employees is structured by reference to market terms and industry's practice. 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.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the Group’s turnover and purchase attributable to major customers and suppliers were as follows:

	2016	2015
Percentage of purchases from the Group’s largest supplier	5%	6%
Percentage of purchases from the Group’s five largest suppliers	20%	22%
Percentage of turnover to the Group’s largest customer	7%	8%
Percentage of turnover to the Group’s five largest customers	19%	20%

As a result of the diversification in both customers and suppliers, the Group had no material concentration risk in both sales and sourcing.

As at 31st March, 2016, to the best knowledge of the Directors, none of the Directors or any shareholders holding more than 5% of the Group’s share capital and their respective associates had any beneficial interest in the Group’s five largest customers and/or five largest suppliers.

DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK5 cents (2015: HK4 cents) and a special dividend of HK5 cents (2015: Nil) per share for the year ended 31st March, 2016 subject to the approval of the shareholders of the Company (the “Shareholders”) at the forthcoming annual general meeting. The final dividend and special dividend will be paid on or about Friday, 7th October, 2016 to Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 20th September, 2016.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Friday, 9th September, 2016 (“Annual General Meeting”). For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 7th September, 2016 to Friday, 9th September, 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 6th September, 2016.

The proposed final dividend and special dividend are subject to the approval of the Shareholders at the Annual General Meeting. For determining the entitlement to the proposed final dividend and special dividend the register of members of the Company will be closed on Thursday, 15th September, 2016 to Tuesday, 20th September, 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, for registration not later than 4:30 p.m. on Wednesday, 14th September, 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year the Company repurchased a total of 11,514,000 ordinary shares of the Company on the Stock Exchange in the range of HK\$1.05 to HK\$1.85 per share for a total consideration of approximately HK\$16,013,000. The said shares were subsequently cancelled.

Save as disclosed above, there was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the year.

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. Throughout the year ended 31st March, 2016, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code") listed out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for following deviation:

Under Code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. The existing 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.

Under Code provisions A.6.7 and E.1.2, independent non-executive directors and chairmen of board committees should attend annual general meetings. Due to pre-arranged commitments, The Hon. Tien Pei Chun, James, independent non-executive director and chairman of the nomination committee, was not able to attend the Company's annual general meeting held on 4th September, 2015. However, Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, the other independent non-executive directors and members of the nomination committee, were both present at the said annual general meeting to ensure effective communication with 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 for Securities Transactions by Directors of Listed Issuers (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 year ended 31st March, 2016.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements of the Group for the year ended 31st March, 2016.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March 2016 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.yeebo.com.hk>). The annual report will be dispatched to the Shareholders and will be available on websites of the Stock Exchange and the Company in due course.

By order of the Board
Yeebo (International Holdings) Limited
Lau Siu Ki, Kevin
Company Secretary

Hong Kong, 29th June, 2016

As at the date of this announcement, the Board comprises Mr. Fang Hung, Kenneth, GBS, JP, Mr. Li Kwok Wai, Frankie and Mr. Leung Tze Kuen as executive directors; Mr. Fang Yan Tak, Douglas as non-executive director; and The Hon. Tien Pei Chun, James, GBS, JP, Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian as independent non-executive directors.