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## YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 259)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2018

The Board of Directors of Yeebo (International Holdings) Limited (the “Company”) has pleasure in presenting the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2018 which have been reviewed by the Company’s audit committee and the auditor.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September, 2018

		<b>Six months ended</b>	
		<b>30.9.2018</b>	30.9.2017
	<i>Notes</i>	<b>HK\$’000</b>	<i>HK\$’000</i>
		<b>(unaudited)</b>	(unaudited)
Revenue	3	<b>510,717</b>	514,722
Cost of sales		<b>(427,554)</b>	(432,973)
Gross profit		<b>83,163</b>	81,749
Other income		<b>5,985</b>	5,114
Interest income		<b>443</b>	67
Other gains and losses	4	<b>2,144</b>	214
Selling and distribution expenses		<b>(38,039)</b>	(36,467)
Administrative expenses		<b>(13,702)</b>	(14,715)
Finance costs		<b>(642)</b>	(697)
Share of results of associates		<b>63,856</b>	55,593
Profit before income tax		<b>103,208</b>	90,858
Income tax expense	6	<b>(11,568)</b>	(9,672)
Profit for the period	7	<b>91,640</b>	81,186

		<b>Six months ended</b>	
		<b>30.9.2018</b>	30.9.2017
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	(unaudited)
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive expense of associates		<b>(3,605)</b>	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations			
Subsidiaries		<b>5,252</b>	(2,267)
Associates		<b>(135,484)</b>	56,093
		<u>                    </u>	<u>                    </u>
Total comprehensive (expense) income for the period		<b><u>(42,197)</u></b>	<b><u>135,012</u></b>
Profit for the period attributable to:			
Owners of the Company		<b>86,910</b>	76,239
Non-controlling interests		<b>4,730</b>	4,947
		<u>                    </u>	<u>                    </u>
		<b><u>91,640</u></b>	<b><u>81,186</u></b>
Total comprehensive income (expense) attributable to:			
Owners of the Company		<b>(43,692)</b>	128,767
Non-controlling interests		<b>1,495</b>	6,245
		<u>                    </u>	<u>                    </u>
		<b><u>(42,197)</u></b>	<b><u>135,012</u></b>
Earnings per share			
Basic – HK cents	9	<b><u>8.7</u></b>	<b><u>7.6</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2018

	<i>Notes</i>	<b>30.9.2018</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2018 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		250,445	260,711
Investment properties		960	1,010
Prepayment for acquisition of plant and equipment		7,985	3,380
Interests in associates	5	1,403,058	1,504,227
Available-for-sale investments		–	2,739
Equity instrument, at fair value through profit or loss		2,739	–
Intangible assets		1,459	1,459
Pledged bank deposit		18,950	20,814
		<u>1,685,596</u>	<u>1,794,340</u>
<b>Current assets</b>			
Inventories		185,285	170,918
Trade and other receivables	10	266,272	249,394
Bills receivables	10	40,093	47,294
Amounts due from associates		188	90
Held for trading investments		–	111
Financial assets at fair value through profit or loss		124	–
Bank balances and cash		63,125	41,261
		<u>555,087</u>	<u>509,068</u>
<b>Current liabilities</b>			
Trade and other payables	11	333,362	332,393
Dividend payable		51,202	–
Bank borrowings		40,758	57,008
Tax payable		21,465	15,541
		<u>446,787</u>	<u>404,942</u>
<b>Net current assets</b>		<u>108,300</u>	<u>104,126</u>
<b>Total assets less current liabilities</b>		<u>1,793,896</u>	<u>1,898,466</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		65,550	69,779
		<u>1,728,346</u>	<u>1,828,687</u>
<b>Capital and reserves</b>			
Share capital	12	199,928	199,928
Reserves		1,497,171	1,594,620
<b>Equity attributable to owners of the Company</b>		<u>1,697,099</u>	<u>1,794,548</u>
<b>Non-controlling interests</b>		<u>31,247</u>	<u>34,139</u>
<b>Total equity</b>		<u><u>1,728,346</u></u>	<u><u>1,828,687</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2018

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments and interpretation to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2018.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st January, 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments and interpretation to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures set out in these condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

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

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

#### Six months ended 30th September, 2018

	LCDs HK\$'000	LCMs HK\$'000	LCD-related optical products HK\$'000	LCD-related products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue							
External sales	143,170	326,160	173	41,214	510,717	-	510,717
Inter-segment sales	59,361	21,569	-	-	80,930	(80,930)	-
<b>Total</b>	<b>202,531</b>	<b>347,729</b>	<b>173</b>	<b>41,214</b>	<b>591,647</b>	<b>(80,930)</b>	<b>510,717</b>
Segment profit (loss)	9,698	30,013	(449)	245			39,507
Interest income							443
Unallocated administrative costs							44
Finance costs							(642)
Share of results of associates							63,856
Profit before income tax							<b>103,208</b>

#### Six months ended 30th September, 2017

	LCDs HK\$'000	LCMs HK\$'000	LCD-related optical products HK\$'000	LCD-related products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue							
External sales	154,065	324,184	112	36,361	514,722	-	514,722
Inter-segment sales	50,399	-	-	4,170	54,569	(54,569)	-
<b>Total</b>	<b>204,464</b>	<b>324,184</b>	<b>112</b>	<b>40,531</b>	<b>569,291</b>	<b>(54,569)</b>	<b>514,722</b>
Segment profit (loss)	9,113	29,297	(548)	(295)			37,567
Interest income							67
Dividend income							104
Unallocated administrative costs							(1,776)
Finance costs							(697)
Share of results of associates							55,593
Profit before income tax							<b>90,858</b>

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

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

#### 4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2018 <i>HK\$'000</i>	30.9.2017 <i>HK\$'000</i>
Gain (loss) on disposal of property, plant and equipment	150	(25)
Net exchange gain	1,994	239
	<u>2,144</u>	<u>214</u>

#### 5. INTERESTS IN ASSOCIATES

	30.9.2018 <i>HK\$'000</i>	31.3.2018 <i>HK\$'000</i>
	Share of net assets	
Listed associate	1,168,348	1,256,148
Unlisted associates	234,710	248,079
	<u>1,403,058</u>	<u>1,504,227</u>
Fair value of listed associates	<u>1,669,461</u>	<u>2,520,957</u>

#### 6. INCOME TAX EXPENSE

	Six months ended	
	30.9.2018 <i>HK\$'000</i>	30.9.2017 <i>HK\$'000</i>
The tax charge comprises:		
Current tax		
Hong Kong	2,961	3,747
Other jurisdictions	6,314	4,884
	<u>9,275</u>	<u>8,631</u>
Deferred taxation		
Current period	2,293	1,041
	<u>11,568</u>	<u>9,672</u>

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

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

Pursuant to the relevant law and regulations in the PRC, one of the Company's PRC subsidiaries was applied as a Hi-Tech Enterprise and entitled to 15% PRC enterprise income tax for three years from 2018 to 2020 and accordingly, PRC Enterprise Income Tax is provided at 15% for the period ended 30th September, 2018.

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

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

## 7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	<b>Six months ended</b>	
	<b>30.9.2018</b>	30.9.2017
	<b>HK\$'000</b>	HK\$'000
Depreciation of property, plant and equipment	<b>26,691</b>	23,135
Share of tax of associates (included in share of results of associates)	<b>12,199</b>	7,898
Allowances for doubtful debts	<b>1,418</b>	2,675
Allowances for obsolete inventories (included in cost of sales)	<b>8,152</b>	4,301
	<b><u>48,460</u></b>	<u>38,009</u>

## 8. DIVIDEND

	<b>Six months ended</b>	
	<b>30.9.2018</b>	30.9.2017
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the year ended 31st March, 2018 of HK5 cents per share (2017: HK6 cents per share for the year ended 31st March, 2017)	<b>49,982</b>	59,978
	<b><u>49,982</u></b>	<u>59,978</u>

## 9. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.9.2018</b>	30.9.2017
Earnings attributable to the owners of the Company for the purpose of basic earnings per share (HK\$'000)	<b>86,910</b>	76,239
	<b><u>86,910</u></b>	<u>76,239</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>999,641,171</b>	999,641,171
	<b><u>999,641,171</u></b>	<u>999,641,171</u>

No diluted earnings per share has been presented as there was no significant potential ordinary shares outstanding during both periods and as at the end of the reporting period.

## 10. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLES

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

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

	<b>30.9.2018</b> <i>HK\$'000</i>	31.3.2018 <i>HK\$'000</i>
1 – 30 days	<b>96,567</b>	76,856
31 – 60 days	<b>51,805</b>	38,331
61 – 90 days	<b>29,059</b>	32,733
91 – 120 days	<b>7,798</b>	8,315
Over 120 days	<b>13,335</b>	25,547
	<b>198,564</b>	181,782

All the Group's bills receivables as at 30th September, 2018 and 31st March, 2018 were due within 270 days.

## 11. TRADE AND OTHER PAYABLES

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

	<b>30.9.2018</b> <i>HK\$'000</i>	31.3.2018 <i>HK\$'000</i>
Up to 30 days	<b>80,920</b>	73,084
31 – 60 days	<b>40,101</b>	19,519
61 – 90 days	<b>32,516</b>	29,815
91 – 120 days	<b>23,861</b>	26,771
Over 120 days	<b>17,045</b>	37,758
	<b>194,443</b>	186,947

All the Group's bills payables amounting to HK\$955,000 as at 30th September, 2018 and HK\$6,275,000 as at 31st March, 2018 were due within 90 days.

## 12. SHARE CAPITAL

	<b>Number of shares</b> <i>'000</i>	<b>Share capital</b> <i>HK\$'000</i>
Authorised ordinary shares of HK\$0.2 each		
At 1st April, 2017, 31st March, 2018 and 30th September, 2018	<b>2,000,000</b>	<b>400,000</b>
Issued and fully paid		
At 1st April, 2017, 31st March, 2018 and 30th September, 2018	<b>999,641</b>	<b>199,928</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

The Group recorded a consolidated turnover for the 6 months ended 30th September, 2018 of approximately HK\$511 million (2017: HK\$515 million), a slight drop of HK\$4 million or 1% as compared with the same period of last year. Profit attributable to owners of the Company was HK\$87 million (2017: HK\$76 million), representing an increase of approximately HK\$11 million or 14%. The improvement in profitability of the core business and the increase in share of results of associates attributed for the uplift of the net profit for the period under review.

External sales of the Liquid Crystal Displays (“LCD”) decreased by HK\$11 million, from HK\$154 million to HK\$143 million. The fall in external LCD sales reflected the growing trend of customers’ purchasing pattern switching from sole LCD to Liquid Crystal Display Modules (“LCM”) by our customers in recent years. The LCD segment recorded a segment profit of HK\$10 million which showed an increase of HK\$1 million as compared with last year. The increase in LCD segment profit was mainly led by the increase in internal sales to LCM segment. External sales of LCM increased by HK\$2 million, from HK\$324 million to HK\$326 million, and the LCM segment recorded a segment profit of HK\$30 million as compared with HK\$29 million of last year. The increase in segment profit of LCM was mainly due to enhancement in cost control. The LCD-related products segment was related to Capacitive Touch Panel (“CTP”), which recorded a segment profit of HK\$245,000 (2017: loss HK\$295,000). External CTP sales edged up from HK\$36 million to HK\$41 million or an increase of 14% which was a result of our committed efforts to gain market shares in the CTP modules market.

The gross profit in current period recorded at approximately HK\$83 million (2017: HK\$82 million) whereas the gross profit margin remained at 16%. While the wage level in PRC continued to rise, the impact was offset by the improvement in production yield and efficiency via our production automation program.

During the period, other income amounted to approximately HK\$6 million (2017: HK\$5 million). The other income mainly comprised tooling income and scrap sales.

Selling and distribution expenses amounted to approximately HK\$38 million (2017: HK\$36 million) and maintained at 7% of turnover (2017: 7%). The increase in the absolute amount was mainly due to the increase in promotional expenses and staff related expense.

Administrative expenses amounted to HK\$14 million (2017: HK\$15 million) and maintained at about 3% of sales (2017: 3%). The decrease was mainly due to the decrease in staff-related costs.

Share of results of associates for the period amounted to HK\$64 million (2017: HK\$56 million). An analysis of the operations of the Group’s associates is shown underneath. As a result of the depreciation of Renminbi in the period under review, the Group incurred a loss of HK\$135 million in translating its investment in associates to Hong Kong Dollars. The amount was recorded directly in the Group’s reserve as an other comprehensive expense and has no impact on the profit attributable to owners of the Company for the period.

Effective tax rate in relation to the Group's core business (income tax expenses (excluding deferred tax recognised for the share of undistributed profits in associates) as a percentage of profit before income tax (excluding share of results of associates)) was 20% (2017: 18%).

## **Investments in Associates**

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

Nantong Jianghai, a 31.84% 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 increased from HK\$43 million to HK\$55 million, representing an increase of HK\$12 million or 28%. Riding on the strong demand of aluminium electrolytic capacitors, the sales recorded a remarkable growth and led to an uplift of net profit in the period under review. The thin film capacitors business is making positive progress. The product development of super capacitor is well underway and new production plant is under construction. It is expected that, upon completion of the new plant in 2019, Nantong Jianghai is set for the mass production of super capacitors.

### ***Investment in Kunshan Visionox Display Co. Ltd. (Kunshan Visionox Display) and Kunshan Visionox Technology Co. Ltd. (Kunshan Visionox Technology)***

The share of profit in Kunshan Visionox Display (a 43.87% associate of the Group) and Kunshan Visionox Technology (a 35.1% associate of the Group) amounted to HK\$8 million (2017: HK\$12 million). As organic light-emitting diode display (“OLED”) has become a widely used components in electronic devices, the OLED business in Kunshan Visionox Technology is growing steadily. The reduction in profit was mainly due to the gain on disposal of fixed asset recorded in last year. With the profound technological background and extensive manufacturing experiences in OLED, Kunshan Visionox Technology has successfully penetrated into a wide range of high-end market segments like the wearables, white goods, automation control and medical care.

In recent years, Kunshan Visionox Display has transferred its business in the development, manufacturing and selling of OLED products to Kunshan Visionox Technology. Kunshan Visionox Display and its subsidiary, currently, possess a number of knowhow, patents and trademarks.

On 10 August 2018, Faith Crown International Limited and Crown Capital Holdings Limited (both subsidiaries of the Company) respectively entered into agreement with Kunshan Govisionox Optoelectronics Co., Ltd (the largest shareholder of Kunshan Visionox Display) to sell an aggregate of 43.87% equity interest in Kunshan Visionox Display (representing the Group's entire equity interest therein) for a consideration of approximately RMB220 million. It is expected that, upon completion of the aforesaid agreements, the Group will record a gain on disposal before taxation of approximately HK\$250 million and Kunshan Visionox Display will cease to be an associate of the Group.

### ***Investment in Zaozhuang Visionox Electronic Technology Company Ltd (Zaozhuang Visionox)***

Zaozhuang Visionox, a 40% associate of the Group, is situated in the Shandong Province. It is mainly engaged in the manufacture and sales of flexible printed circuits and OLED related materials. The Group's share of profit in the current period amounted to HK\$1.6 million, an increase of HK\$1 million from last year.

## **PROSPECTS**

The prevailing trade war between USA and China has cast uncertainties in the market outlook and global economy. The Group's committed marketing strategy to well diversify in different geographic and also market segments will help to mitigate the impact to the Group. The Group will continue to focus on improving its profitability by targeting at the high end market segments. On the production side, the Group will continue to upgrade its production facilities and scale up production automation in order to enhance both the production yield and efficiency. On the other hand, it is expected that Nantong Jianghai and Kunshan Visionox Technology will continue to make positive profit contribution to the Group.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th September, 2018, the Group's current ratio was 1.2 (31st March, 2018: 1.3). The gearing ratio, as a ratio of bank borrowings to net worth, was 2.4% (31st March, 2018: 3.2%).

As at 30th September, 2018, the Group had total assets of approximately HK\$2,241 million, which were financed by liabilities of HK\$513 million and total equity of HK\$1,728 million.

As at 30th September, 2018, the Group's banking facilities amounted to approximately HK\$163 million (31st March, 2018: HK\$222 million) of which approximately HK\$42 million (31st March, 2018: HK\$59 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.

## **LEGAL CASES**

As reported previously, Jiangmen Yeebo Semiconductor Co., Ltd. (江門億都半導體有限公司) ("Jiangmen Yeebo Semiconductor"), a wholly-owned subsidiary of the Company incorporated in the PRC, was involved in two litigation cases in the court of Jiangmen City, Guangdong Province, PRC as follows:

- (1) Being sued by a contractor for outstanding contract sum of RMB274,000 and accrued interest of RMB169,000 (totaling RMB443,000 equivalent to HK\$520,000) plus incidental legal and court fees.
- (2) Being sued by another contractor for outstanding contract sum of RMB1.5 million (equivalent to HK\$1.8 million) and accrued interest plus incidental legal and court fees.

During the period under review, Jiangmen Yeebo Semiconductor lost in the trial in both of the above court cases. However, the financial impact was not significant to the result and financial position of the Group.

## **CONTINGENT LIABILITIES AND CHARGES OF ASSETS**

As at 30th September, 2018, bank deposit of HK\$19 million (31st March, 2018: HK\$21 million) has been pledged to secure the banking facilities granted to a PRC entity, which is owned by certain management personnel of Kunshan Visionox Technology. The banking facilities have a term of three years starting from March 2016. The pledged bank deposit will be released upon the full settlement of the relevant bank borrowings.

Other than the above, 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, 2018 and 31st March, 2018.

## **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, 2018.

## **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. 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.

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, 2018.

## **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, 2018.

## **AUDIT COMMITTEE**

The Audit Committee comprises all of the three independent non-executive Directors, namely Mr Tien Pei Chun, James, 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, 2018.

## **PUBLICATION OF INTERIM REPORT**

The interim results announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.yeebo.com.hk>). The interim report will be dispatched to the shareholders and will be available at the websites of The Hong Kong Exchanges and Clearing Limited and the Company in due course.

By order of the Board  
**Lau Siu Ki, Kevin**  
Company Secretary

Hong Kong, 27 November 2018

*As at the date of this announcement, the Board of Directors of the Company 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 Mr Tien Pei Chun, James, GBS, JP, Mr Chu Chi Wai, Allan and Mr Lau Yuen Sun, Adrian as independent non-executive directors.*