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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, 2020

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, 2020 are summarised as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2020

	<i>NOTES</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	3	813,153	934,152
Cost of sales		(707,383)	(790,232)
Gross profit		105,770	143,920
Other income		11,904	12,121
Other gains and losses		(16,069)	2,948
Selling and distribution expenses		(72,207)	(71,776)
Administrative expenses		(27,695)	(28,801)
Finance costs		(459)	(1,237)
		1,244	57,175
Items that are relevant to associates:			
– Share of results of associates	4	98,308	123,788
– Gain on disposal of an associate		–	244,398
– Other income (expenses) related to an associate	5	46,637	(65,367)
		144,945	302,819
Profit before income tax		146,189	359,994
Income tax expense	6	(8,647)	(37,578)
Profit for the year		137,542	322,416

	<i>NOTES</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive income of an associate, net of related income tax		(5,355)	(8,206)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations:			
Subsidiaries		4,114	8,272
Associates		(90,254)	(107,190)
Release of translation reserve upon disposal of an associate		<u>–</u>	<u>(6,927)</u>
Total comprehensive income for the year		<u>46,047</u>	<u>208,365</u>
Profit for the year attributable to:			
Owners of the Company		123,822	288,747
Non-controlling interests		<u>13,720</u>	<u>33,669</u>
		<u>137,542</u>	<u>322,416</u>
Total comprehensive income attributable to:			
Owners of the Company		33,803	176,736
Non-controlling interests		<u>12,244</u>	<u>31,629</u>
		<u>46,047</u>	<u>208,365</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share – basic	<i>8</i>	<u>12.5</u>	<u>28.9</u>
– diluted	<i>8</i>	<u>12.5</u>	<u>28.9</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2020

	<i>NOTES</i>	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Property, plant and equipment		219,936	246,947
Right-of-use assets		9,164	–
Investment properties		1,378	1,579
Prepayment for acquisition of property, plant and equipment	<i>10</i>	14,412	2,510
Interests in associates		1,364,423	1,403,259
Financial assets at fair value through profit or loss (“FVTPL”)		2,739	2,739
Intangible assets		1,459	1,459
		<u>1,613,511</u>	<u>1,658,493</u>
Current assets			
Inventories	<i>9</i>	111,450	147,478
Trade and other receivables	<i>10</i>	170,129	200,691
Amounts due from associates		31	51
Financial assets at FVTPL		5,662	1,962
Bank balances and cash		230,626	318,123
		<u>517,898</u>	<u>668,305</u>
Current liabilities			
Trade and other payables	<i>11</i>	203,318	290,386
Contract liabilities		7,487	13,411
Tax payable		10,071	20,907
Bank borrowings		4,022	–
Lease liabilities		3,928	–
		<u>228,826</u>	<u>324,704</u>
Net current assets		<u>289,072</u>	<u>343,601</u>
Total assets less current liabilities		<u>1,902,583</u>	<u>2,002,094</u>
Non-current liabilities			
Deferred tax liabilities		58,801	57,828
Lease liabilities		5,598	–
		<u>64,399</u>	<u>57,828</u>
		<u>1,838,184</u>	<u>1,944,266</u>
Capital and reserves			
Share capital		199,928	199,928
Reserves		1,605,532	1,720,673
Equity attributable to owners of the Company		<u>1,805,460</u>	<u>1,920,601</u>
Non-controlling interests		<u>32,724</u>	<u>23,665</u>
Total equity		<u>1,838,184</u>	<u>1,944,266</u>

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 Fang Brothers Holdings Limited (incorporated in the BVI). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year.

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁵
Amendments to HKFRS 3	Definition of a Business 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 HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1st January, 2021

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1st January, 2020

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, 2020

⁵ Effective for annual periods beginning on or after 1st June, 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1st January, 2020.

3. SEGMENT INFORMATION

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 industrial and 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.

For the year ended 31st March, 2020

	LCDs HK\$'000	LCMs HK\$'000	LCD- related products HK\$'000	LCD- related optical products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenue							
External sales	172,342	543,030	97,670	111	813,153	-	813,153
Inter-segment sales	78,212	23,977	-	-	102,189	(102,189)	-
Total	250,554	567,007	97,670	111	915,342	(102,189)	813,153
Segment (loss) profit	(16,631)	30,625	234	(191)	14,037		14,037
Interest income							2,493
Loss on fair value changes of financial assets at FVTPL							(60)
Unallocated administrative costs							(3,556)
Net exchange loss							(11,211)
Finance costs							(459)
Share of results of associates							98,308
Other income related to an associate							46,637
Profit before income tax							146,189

For the year ended 31st March, 2019

	LCDs HK\$'000	LCMs HK\$'000	LCD- related products HK\$'000	LCD- related optical products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenue							
External sales	253,032	600,910	79,693	517	934,152	-	934,152
Inter-segment sales	95,381	35,180	-	-	130,561	(130,561)	-
Total	348,413	636,090	79,693	517	1,064,713	(130,561)	934,152
Segment profit (loss)	12,466	45,534	(1,555)	(1,343)	55,102		55,102
Interest income							1,138
Gain on fair value changes of financial assets at FVTPL							3
Unallocated administrative costs							(4,023)
Net exchange gain							6,192
Finance costs							(1,237)
Share of results of associates							123,788
Gain on disposal of an associate							244,398
Other expenses related to an associate							(65,367)
Profit before income tax							359,994

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, fair value changes of financial assets at FVTPL, unallocated administrative costs, net exchange differences, finance costs, share of results of associates, gain on disposal of an associate and other income (expenses) related to associates. 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:

2020

	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 of property, plant and equipment	25,501	13,451	6,586	45,538	201	45,739
Depreciation of right-of-use assets	782	866	2,339	3,987	–	3,987
Depreciation of investment properties	–	–	–	–	201	201
Net loss on disposal and written off of property, plant and equipment	4,798	–	–	4,798	–	4,798
Allowance on credit losses on trade receivables	215	447	126	788	–	788
Allowance for inventories, net of reversal	284	(1,120)	3,729	2,893	–	2,893

2019

	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 of property, plant and equipment	32,879	13,193	5,344	51,416	116	51,532
Depreciation of investment properties	–	–	–	–	116	116
Loss on disposal of property, plant and equipment	1,623	1,624	–	3,247	–	3,247
Allowance on credit losses on trade receivables	452	794	–	1,246	–	1,246
Allowance for inventories, net of reversal	(502)	12,954	2,681	15,133	–	15,133

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 Mainland China.

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	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Hong Kong	85,168	81,537	11,361	13,162
Mainland China	139,337	162,232	1,594,012	1,642,462
Japan	133,645	172,349	–	–
United States	78,266	105,008	–	–
Taiwan	30,494	34,441	–	–
Germany	93,520	88,678	–	–
Spain	46,509	40,289	–	–
Other European countries	165,258	174,674	5,399	130
Other Asian countries	32,393	57,163	–	–
Other countries	8,563	17,781	–	–
	<u>813,153</u>	<u>934,152</u>	<u>1,610,772</u>	<u>1,655,754</u>

Note: Non-current assets exclude financial assets at FVTPL.

Information about major customers

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

4. SHARE OF RESULTS OF ASSOCIATES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
An associate listed in the People's Republic of China ("PRC")	80,969	88,623
Unlisted associates	17,339	35,165
	<u>98,308</u>	<u>123,788</u>

5. OTHER INCOME (EXPENSES) RELATED TO AN ASSOCIATE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Reversal of bonus awarded (bonus awarded) to the management of an associate (<i>note (a)</i>)	61,140	(65,367)
Exchange gain on accrued bonus awarded to the management of an associate (<i>note (a)</i>)	4,227	–
Waiver of dividend from an associate (<i>note (b)</i>)	(18,730)	–
	<u>46,637</u>	<u>(65,367)</u>

Note (a): For the year ended 31st March, 2019, the Group's other expense of RMB55,908,000 (equivalent to approximately HK\$65,367,000) represents the Group's discretionary bonus awarded to the management of Kunshan Visionox Technology Co. Ltd. ("Kunshan Technology"), a 35.1% owned associate, to show the appreciation to the management of Kunshan Technology for the contribution to the satisfactory performance of and the continual support to Kunshan Technology in the future.

During the year ended 31st March, 2020, due to the remittance restriction in the PRC, the Group had limitation to distribute the discretionary bonus to the management of Kunshan Technology after consultation with legal counsel. With the agreement with the management of Kunshan Technology, the Group cancelled the discretionary bonus and accordingly, recognised a reversal of the discretionary bonus of RMB55,908,000 (equivalent to approximately HK\$61,140,000) for the year ended 31st March, 2020. Exchange gain of HK\$4,227,000 is recognised upon reversal of the accrued bonus for the year ended 31st March, 2020.

Note (b): During the year ended 31st March, 2020, Kunshan Technology distributed RMB48,800,000 dividend to its shareholders. Crown Capital Holdings Limited, a non-wholly owned subsidiary of the Group, and Faith Crown International Limited, a wholly owned subsidiary of the Group, decided to waive the entitlement to the proposed dividend amounting to RMB17,128,000 (equivalent to approximately HK\$18,730,000) from Kunshan Technology. The waived dividend was assigned to the major shareholder of Kunshan Technology. This was to maintain a good relationship with the major shareholder of Kunshan Technology and to facilitate a capital restructuring plan of Kunshan Technology, which would be beneficial to the long-term development Kunshan Technology.

6. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax		
Hong Kong	1,410	6,530
The People's Republic of China, other than Hong Kong, Macau and Taiwan	3,928	36,318
Other jurisdictions	1,112	1,474
	<u>6,450</u>	<u>44,322</u>
(Over) underprovision in prior years	(2,425)	4
	<u>4,025</u>	<u>44,326</u>
Deferred taxation		
Charge (credit) for the year	4,622	(6,748)
	<u>8,647</u>	<u>37,578</u>

7. DIVIDENDS

Dividends recognised as distributions during the year:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Final dividend for the year ended 31st March, 2019 of – HK5.0 cents per share	49,982	–
Special dividend for the year ended 31st March 2019 of – HK10 cents per share	99,964	–
Final dividend for the year ended 31st March, 2018 of – HK5.0 cents per share	–	49,982
	<u>149,946</u>	<u>49,982</u>

The board of directors have resolved to recommend the payment of a final dividend in respect of the year ended 31st March, 2020 of HK5 cents (2019: HK5 cents) per share, a total distribution of approximately HK\$49,982,000 (2019: HK\$49,982,000). The proposed final dividend for the year is subject to the approval by shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<u>Earnings</u>		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>123,822</u>	<u>288,747</u>
	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	987,033	999,641
Effect of dilutive potential ordinary shares in respect of outstanding share awards	<u>3,920</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>990,953</u>	<u>999,641</u>

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 share awards is insignificant for the year ended 31st March, 2019.

9. INVENTORIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Raw materials	40,649	48,137
Work in progress	25,915	27,369
Finished goods	<u>44,886</u>	<u>71,972</u>
	<u>111,450</u>	<u>147,478</u>

10. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	135,884	160,105
Less: Allowance for credit losses	<u>(12,259)</u>	<u>(11,402)</u>
	123,625	148,703
Other receivables	33,157	43,253
Deposits	2,639	3,253
Prepayment for acquisition of property, plant and equipment	14,412	2,510
Other prepayments	<u>10,708</u>	<u>5,482</u>
	<u>184,541</u>	<u>203,201</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Analysed as:		
Current	170,129	200,691
Non-current	14,412	2,510
	<u>184,541</u>	<u>203,201</u>

The Group has a policy of allowing credit periods ranging from 30 days to 120 days.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
1 – 30 days	67,057	81,838
31 – 60 days	30,104	30,785
61 – 90 days	13,402	25,209
91 – 120 days	6,881	4,169
Over 120 days	6,181	6,702
	<u>123,625</u>	<u>148,703</u>

11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	106,418	115,596
Dividend payable	913	–
Accrued charges	74,879	74,662
Other payables (<i>note</i>)	21,108	100,128
	<u>203,318</u>	<u>290,386</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Up to 30 days	42,083	49,272
31 – 60 days	12,086	14,275
61 – 90 days	18,498	20,762
91 – 120 days	15,357	14,711
Over 120 days	18,394	16,576
	<u>106,418</u>	<u>115,596</u>

Note: Balance at 31st March, 2019 includes discretionary bonus awarded to the management of an associate, details of which are set out in note 5.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a consolidated turnover for the year ended 31st March, 2020 of approximately HK\$813 million (2019: HK\$934 million), a decrease of HK\$121 million or 13% as compared with last year. Profit attributable to owners of the Company was HK\$124 million (2019: HK\$289 million), representing a decrease of approximately HK\$165 million. The decrease in profit was mainly due to the non-recurrence of the gain on disposal of the Group's entire equity interest in Kunshan Visionox Display Co Ltd ("Kunshan Display"), a former associate in which the Group had an equity interest of 43.87% prior to the disposal, of HK\$194 million (after deducting relevant tax and non-controlling interest).

The mounting trade tensions between China and USA had affected the overall sales of the Group in the year under review. External sales of the Liquid Crystal Displays ("LCD") decreased by HK\$81 million, from HK\$253 million to HK\$172 million. Such decrease was mainly attributable to the weakened demand in LCD as well as the Group's policy of tightening credit granted to customers. The LCD segment recorded a loss of HK\$17 million as compared with a profit of HK\$12 million of last year. Turnover of Liquid Crystal Display Modules ("LCM") decreased by HK\$58 million, from HK\$601 million to HK\$543 million, and the LCM segment recorded a segment profit of HK\$31 million as compared with HK\$46 million of last year. The demand for LCM decreased and the Thin Film Transistor ("TFT") modules market experienced intensive price competition. This led to fall in both sales and segment profit. The LCD-related products segment was related to Capacitive Touch Panel ("CTP") and CTP modules, which recorded a segment sales of HK\$98 million (2019: HK\$80 million) and a profit of approximately HK\$234,000 (2019: loss of HK\$2 million). With the growing demand in the CTP modules market, we registered sales growth in the smart home appliance, smart office appliance and Point-of-Sales market segments.

In the year under review, the drop in sales has led to a decrease in gross profit to HK\$106 million (2019: HK\$144 million), down by approximately HK\$38 million and the gross profit margin fell from 15% to 13%. This was mainly due to fall in demand, the intensive price competition and the under absorption of the factory fixed overheads due to the decrease in production volume.

In September 2019, a fire broke out in one of the production chambers and caused damages to certain production facilities, machineries and inventories. A net loss of approximately HK\$5 million in relation to the fire accident was recorded in the year. Despite the unfortunate incident, no one was injured and there was no material interruption of the production.

During the year, other income amounted to approximately HK\$12 million (2019: HK\$12 million). The other income mainly comprised of interest income, rental income, tooling income and scrap sales.

Net loss from other gains and losses for current year was mainly attributable to net exchange loss and the net loss on disposal and written off of fixed assets.

Selling and distribution expenses amounted to HK\$72 million (2019: HK\$72 million), or 9% of turnover (2019: 8%). The increase in percentage of sales was mainly due to the fall in sales.

Administrative expenses amounted to HK\$28 million (2019: HK\$29 million), reduced by HK\$1 million which was mainly due to decrease in staff-related costs.

Investments in Associates

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

Nantong Jianghai, an 31.7% associate of the Group, is mainly engaged in research, manufacture and sale of capacitors and related materials and components. The Group’s shareholding in Nantong Jianghai has been diluted from 31.8% to 31.7% as a result of the exercise of options granted to the employees of Nantong Jianghai under its staff share option scheme. The share of profit from Nantong Jianghai for the current year decreased from HK\$89 million to HK\$81 million, representing a decrease of HK\$8 million or 9% amidst operating under a very challenging environment.

During the year, the unfavorable business environment has led to decreased demand in electronic products and keen selling price competition in the aluminum electrolytic capacitor market, aggravated by the trimming of inventory level by customers. Nantong Jianghai reacted by consolidating its existing customer portfolio while actively exploring emerging markets like the 5G telecommunications and new energy market.

The first phase construction for small-sized capacitor and Multi-layer Polymer Capacitor (“MLPC”) production base in Hubei province has been completed. Despite minor setbacks, promising strides have been made on equipment automation, prototype production, manufacturing processes, sample certification testing and market development. In addition, solid progress has also been achieved in production line optimizations and MLPC trial production. Customer’s initial feedback has been positive. It is expected that the new production base would yield promising results in the future.

Regarding the aluminium foil production capabilities, both the upgrading plan for the new etching foil production line and the expansion plan for aluminum folded foil have been completed. Such vertical integration will greatly enhance both the production capacity as well as the key material quality, which in turn will improve its competitiveness in the capacitor market.

The thin film capacitor business segment registered an increase in sales while operating at a deficit. The below-expectation results were mainly due to the underperformance of a newly joint venture targeting at the automotive segment and a recently acquired subsidiary in Suzhou engaged in manufacturing small sized thin film capacitors. Management restructuring was undertaken with an aim to realize the business potential of thin film capacitors. Meanwhile, it will continue to maintain its efforts in research and development in areas such as renewable energy, power grid, electric vehicles, elevators and inverters.

Supercapacitors business segment experienced remarkable revenue growth during the period. This is due to successful penetration into the key markets such as wind power, smart meters, power grids and rail transit. Meanwhile, new application development in energy storage, elevators, power tools, port machinery and new energy vehicles were progressing positively. Moving forward, the enlarged production capacity of the new plant completed in the first half of 2020 has laid a solid platform for Nantong Jianghai to achieve new breakthroughs in the foreseeable future.

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

The share of profit in Kunshan Technology, which is mainly engaged in the sales and manufacture of Organic Light Emitting Diode (“OLED”), amounted to HK\$18 million as compared to HK\$25 million in last year. Under the escalating pressure of the trade disputes between China and United States, the sales of OLED dwindled in the second half of the year and the wearables market was mostly affected. Thanks to the adoption of diversification strategy in marketing, the market coverage is well spread into the white-goods market, industrial instrument, medical equipment which, to certain extent, has mitigated the adverse impact. The business momentum was further setback by the outbreak of Covid-19 in early 2020. Meanwhile, Kunshan Technology gripped on the high growth opportunities in the medical equipment segment and the e-paper market to boost sales. On the other hand, cost savings measures were implemented to maintain the profitability.

In the previous year, Faith Crown International Limited (“Faith Crown”) and Crown Capital Holdings Limited (“Crown Capital”), both subsidiaries of the Company and equity owners of Kunshan Technology, made an aggregate provision of HK\$65 million as a discretionary bonus to be awarded to the management of Kunshan Technology for their contribution of good performance and the continual support in future. However, after various consultation including lawyers during the current year, we were informed that there was no valid way under the existing regulations of the People’s Republic of China to remit money into Mainland China for the payment of bonus. Management of Kunshan Technology understood the difficulties that we encountered and they had agreed not to receive the bonus. Accordingly, the whole amount of the said bonus was reversed and credited to the statement of profit and loss during the year.

During the year, Kunshan Technology declared a dividend to its equity owners. In order to maintain a good relationship with the major equity owner of Kunshan Technology and to facilitate a capital restructuring plan of Kunshan Technology, both Faith Crown and Crown Capital have agreed to waive their entitlement to such dividend of an aggregate amount of HK\$19 million. The waived dividend was assigned to the major shareholder of Kunshan Technology. The Company believed that the waiver would be beneficial to the long-term development Kunshan Technology.

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

Zaozhuang Visionox, 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. In the year under review, the Group’s share of loss amounted to HK\$208,000, as compared to a share of profit of HK\$8 million of last year. This is mainly due to the drop in subcontracting business and government grant. The construction of the new FPC factory was completed and sample testing and trial production would be launched in the second half of 2020.

Income Tax

Effective tax rate in relation to the Group's core business (income tax expenses excluding the portion related to gain on disposal of an associate and withholding tax on undistributed profits in associates as a percentage of profit before income tax excluding results relevant to associates (comprising the share of results of associates, gain on disposal of an associate, other income/expense relevant to associates)) was 228% (2019: 26%). The increase was mainly due to the losses incurred by certain subsidiaries (in which no deferred tax assets have been recognized) and exchange losses incurred which are not deductible for tax purposes during the year.

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 Mainland China, amidst the outbreak of Covid-19 as well as the continuous tension between China and United States. 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 of wastewater, gas emissions, general waste and recycled materials.

Details of the Group's strategies, efforts and performance with respect to environment, social and governance ("ESG") for the year ended 31st March, 2020 are set out in the Group's ESG Report, which will be uploaded onto the websites of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company by the end of October 2020.

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. During the year under review, the Group has complied with all the laws and regulations in the above-mentioned jurisdictions.

Relationship with Key Stakeholders

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as utmost 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.

The Group has developed long-standing relationships with a number of suppliers and taken great care to ensure that they shared the Group's commitment to quality and ethics. The Group also carefully selects its suppliers and requires them to satisfy certain assessment criteria including track records, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

The Group is committed to offer a broad and diverse range of value-for-money, good-quality products to its customers.

Management believes that the above objectives will help enhancing the value of the Company for its shareholders.

PROSPECTS

Looking forward, the Group endeavors to tackle the economic headwinds brought about by escalating tensions between China and United States as well as the Covid-19 pandemic. The Group will strive to increase its market share in the high-end market segment with dynamic pricing strategies and enhancement of our product development capabilities. Buttressed by our strong financial position we plan to expand and upgrade our TFT and TFT-CTP modules production facilities to meet the mounting quality product demand in the market. On the other hand, we expect Nantong Jianghai and Kunshan Technology will continue to augment the Group's profitability.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2020, the Group's current ratio was 2.3 (2019: 2.1). The gearing ratio, as a ratio of bank borrowings to net worth, was 0.2% (2019: nil).

As at 31st March, 2020, the Group had total assets of approximately HK\$2,131 million, which were financed by liabilities of HK\$293 million and total equity of HK\$1,838 million.

As at 31st March, 2020, the Group's banking facilities amounted to approximately HK\$163 million (2019: HK\$163 million) of which approximately HK\$4 million (2019: HK\$0.2 million) were utilized mainly for issuance of letters of credit, short term loan and bills payable.

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

CONTINGENT LIABILITIES AND CHARGES OF ASSETS

The Group did not have any significant contingent liabilities and there were no significant charges or pledges on any of the Group's assets as at 31st March, 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.

MAJOR CUSTOMERS AND SUPPLIERS

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

	2020	2019
Percentage of purchases from the Group's largest supplier	6%	6%
Percentage of purchases from the Group's five largest suppliers	19%	21%
Percentage of turnover to the Group's largest customer	3%	4%
Percentage of turnover to the Group's five largest customers	12%	15%

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, 2020, 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 (2019: HK5 cents) per share for the year ended 31st March, 2020 subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting. The final dividend will be paid on or about Thursday, 8th October, 2020 to Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 21st September, 2020.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Thursday, 10th September, 2020 (“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 Monday, 7th September, 2020 to Thursday, 10th September, 2020, 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 4th September, 2020.

The proposed final dividend is subject to the approval of the Shareholders at the Annual General Meeting. For determining the entitlement to the proposed final dividend the register of members of the Company will be closed on Thursday, 17th September, 2020 to Monday, 21st September, 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final 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, 16th September, 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31st March, 2020.

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, 2020, 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. 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 year ended 31st March, 2020.

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 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, 2020.

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, 2020 as set out in the preliminary 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 the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<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, 26th June, 2020

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 Mr. Chu Chi Wai, Allan, Mr. Lau Yuen Sun, Adrian and Mr. Chen Shuang, JP as independent non-executive Directors.