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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, 2013

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, 2013 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, 2013

		<b>Six months ended</b>	
		<b>30.9.2013</b>	<b>30.9.2012</b>
	<i>Notes</i>	<b>HK\$’000</b>	<b>HK\$’000</b>
		<b>(unaudited)</b>	<b>(unaudited and restated)</b>
Revenue	3	<b>449,050</b>	411,147
Cost of sales		<b>(385,012)</b>	(350,344)
Gross profit		<b>64,038</b>	60,803
Other income		<b>6,171</b>	9,072
Interest income		<b>402</b>	231
Other gains and losses	4	<b>615</b>	549
Selling and distribution expenses		<b>(26,806)</b>	(24,333)
Administrative expenses		<b>(16,371)</b>	(19,337)
Finance costs		–	(377)
Share of results of associates		<b>35,701</b>	25,218
Share of result of a joint venture		<b>8</b>	–
Profit before income tax		<b>63,758</b>	51,826
Income tax expense	5	<b>(6,983)</b>	(6,065)
Profit for the period	6	<b>56,775</b>	45,761

	<b>Six months ended</b>	
	<b>30.9.2013</b>	30.9.2012
<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited and restated)
Other comprehensive income:		
An item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>9,064</u>	<u>542</u>
Total comprehensive income for the period	<u><b>65,839</b></u>	<u>46,303</u>
Profit (loss) for the period attributable to:		
Owners of the Company	<b>56,936</b>	47,793
Non-controlling interests	<u>(161)</u>	<u>(2,032)</u>
	<u><b>56,775</b></u>	<u>45,761</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	<b>65,529</b>	48,461
Non-controlling interests	<u>310</u>	<u>(2,158)</u>
	<u><b>65,839</b></u>	<u>46,303</u>
Earnings per share		
Basic – HK cents	8	
	<u><b>5.63</b></u>	<u>4.73</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30th September, 2013*

	<i>Notes</i>	<b>30.9.2013</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2013 <i>HK\$'000</i> <b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>214,027</b>	175,147
Prepayment for acquisition of property, plant and equipment		<b>11,555</b>	11,940
Interests in associates		<b>686,233</b>	646,166
Interest in a joint venture		<b>324</b>	–
Available-for-sale investments		<b>2,739</b>	2,739
Intangible assets		<b>1,459</b>	1,459
		<b>916,337</b>	837,451
<b>Current assets</b>			
Inventories		<b>110,157</b>	95,071
Trade and other receivables	9	<b>166,899</b>	131,821
Bills receivables	9	<b>12,253</b>	13,487
Held-for-trading investments		–	3,804
Amounts due from associates		–	68
Bank balances and cash		<b>70,631</b>	84,545
		<b>359,940</b>	328,796
<b>Current liabilities</b>			
Trade and other payables	10	<b>228,846</b>	190,434
Bills payables	10	<b>6,002</b>	4,268
Dividend payable		<b>25,279</b>	–
Tax payable		<b>17,908</b>	15,402
		<b>278,035</b>	210,104
<b>Net current assets</b>		<b>81,905</b>	118,692
<b>Total assets less current liabilities</b>		<b>998,242</b>	956,143
<b>Non-current liability</b>			
Deferred tax liabilities		<b>11,615</b>	10,076
		<b>986,627</b>	946,067
<b>Capital and reserves</b>			
Share capital		<b>202,231</b>	202,231
Reserves		<b>786,558</b>	746,308
<b>Equity attributable to owners of the Company</b>		<b>988,789</b>	948,539
<b>Non-controlling interests</b>		<b>(2,162)</b>	(2,472)
<b>Total equity</b>		<b>986,627</b>	946,067

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2013

## 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 values.

During the year ended 31st March, 2013, certain changes in accounting standards had been early applied by the Group, accordingly, the comparative figures have been restated. The directors concluded that the adoption of HKFRS 10 and HKAS 28 (as revised in 2011) had no significant impacts on the profit and earnings per share for the year ended 31st March, 2013.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2013, except for the accounting policy for interest in a joint venture and the new or revised Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA in the current interim period which have been stated below.

### **Adoption of new accounting policy**

#### **Investment in a joint venture**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these condensed consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the joint venture. When the Group’s share of losses of a joint venture exceeds the Group’s interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's condensed consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

### **Adoption of new and revised HKFRSs**

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 13	Fair Value Measurement;
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
HKAS 19 (as revised in 2011)	Employee Benefits;
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities;
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle except for amendments to HKAS 1; and
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

### **HKFRS 13 *Fair Value Measurement***

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions.

HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The directors consider that the application of the new fair value measurement has no material impact on the Group's condensed consolidated financial statements.

### **Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

### **Amendments to HKAS 34 *Interim Financial Reporting* (as part of the *Annual Improvements to HKFRSs 2009 – 2011 Cycle*)**

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the *Annual Improvements to HKFRSs 2009 – 2011 Cycle* for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the condensed consolidated financial statements only when the amounts are regularly provided to the chief operating decision maker ("CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included total assets and liabilities information as part of segment information.

The application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements 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 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 displays modules ("LCMs") and LCD-related optical products.

Information regarding the above reportable and operating segments is reported below.

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

#### Six months ended 30th September, 2013

	LCDs HK\$'000	LCMs HK\$'000	LCD-related optical products HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue						
External sales	191,276	257,774	-	449,050	-	449,050
Inter-segment sales	79,349	-	-	79,349	(79,349)	-
Total	<u>270,625</u>	<u>257,774</u>	<u>-</u>	<u>528,399</u>	<u>(79,349)</u>	<u>449,050</u>
Segment profit (loss)	<u>19,754</u>	<u>10,094</u>	<u>(1,328)</u>			28,520
Interest income						402
Dividend income						104
Gain on fair value changes of held-for-trading investments						85
Unallocated administrative costs						(1,062)
Share of results of associates						35,701
Share of result a joint venture						8
Profit before income tax						<u>63,758</u>

Six months ended 30th September, 2012

	LCDs <i>HK\$'000</i>	LCMs <i>HK\$'000</i>	LCD-related optical products <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue						
External sales	196,235	214,912	–	411,147	–	411,147
Inter-segment sales	67,458	–	–	67,458	(67,458)	–
Total	<u>263,693</u>	<u>214,912</u>	<u>–</u>	<u>478,605</u>	<u>(67,458)</u>	<u>411,147</u>
Segment profit (loss)	<u>25,373</u>	<u>5,432</u>	<u>(5,029)</u>			25,776
Interest income						231
Dividend income						1,415
Gain on fair value changes of held-for-trading investments						556
Unallocated administrative costs						(1,147)
Gain on fair value changes of derivative financial instruments						154
Financial costs						(377)
Share of results of associates						25,218
Profit before income tax						<u>51,826</u>

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, fair value changes of held-for-trading investments, unallocated administrative costs, gain on fair value changes of derivative financial instruments, finance costs, share of result of a joint venture and share of results of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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

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	
	30.9.2013 <i>HK\$'000</i>	30.9.2012 <i>HK\$'000</i>
Loss on disposal of property, plant and equipment	(28)	(26)
Net exchange gain (loss)	558	(135)
Gain on fair value changes of derivative financial instruments	–	154
Gain on fair value changes of held-for-trading investments	85	556
	<u>615</u>	<u>549</u>

## 5. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30.9.2013</b>	30.9.2012
	<b>HK\$'000</b>	HK\$'000
The tax charge comprises:		
Current tax		
Hong Kong	1,958	2,109
Other jurisdictions	3,486	2,695
	<u>5,444</u>	<u>4,804</u>
Deferred taxation		
Current period	1,539	1,261
	<u>6,983</u>	<u>6,065</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.

Under the EIT Law, distributable profits earned by foreign investment enterprises since 1st January, 2008 is 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 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, the Group has recognised deferred tax liability for the Group's share of distributable profits earned by its PRC listed associate 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 reversal of temporary difference of the subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

## 6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	<b>Six months ended</b>	
	<b>30.9.2013</b>	30.9.2012
	<b>HK\$'000</b>	HK\$'000
Depreciation of property, plant and equipment	12,975	13,292
Allowances for obsolete inventories (included in cost of sales)	4,064	1,425
Share of tax of associates (included in share of results of associates)	6,023	2,798
Allowances for doubtful debts	716	256
Research cost recognised as an expense (included in administrative expenses)	1,328	5,029
	<u>25,306</u>	<u>24,800</u>

## 7. DIVIDEND

	<b>Six months ended</b>	
	<b>30.9.2013</b>	30.9.2012
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the year ended 31st March, 2013 of HK2.5 cents per share (2012: Final dividend in respect of the year ended 31st March, 2012 of HK2.5 cents per share)	25,279	25,279
	<u>25,279</u>	<u>25,279</u>



## 8. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.9.2013</b>	30.9.2012
Earnings attributable to the owners of the Company for the purpose of basic earnings per share (HK\$'000)	<b>56,936</b>	47,793
Number of ordinary shares for the purpose of basic earnings per share	<b>1,011,155,171</b>	1,011,155,171

No diluted earnings per share has been presented for both periods as there are no potential ordinary shares in issue.

## 9. 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>30.9.2013</b>	31.3.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 – 30 days	<b>76,683</b>	61,986
31 – 60 days	<b>50,842</b>	26,913
61 – 90 days	<b>21,829</b>	21,700
91 – 120 days	<b>3,782</b>	6,322
	<b>153,136</b>	116,921

All the Group's bills receivables as at 30th September, 2013 and 31st March, 2013 were due within 180 days.

## 10. TRADE AND OTHER PAYABLES/BILLS PAYABLES

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

	<b>30.9.2013</b>	31.3.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 30 days	<b>45,814</b>	31,699
31 – 60 days	<b>38,222</b>	17,928
61 – 90 days	<b>21,842</b>	22,370
91 – 120 days	<b>10,978</b>	14,440
Over 120 days	<b>7,042</b>	7,051
	<b>123,898</b>	93,488

All the Group's bills payables as at 30th September, 2013 and 31st March, 2013 were due within 90 days.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

The Group recorded a consolidated turnover for the six months ended 30th September, 2013 of approximately HK\$449 million (2012: HK\$411 million), an increase of HK\$38 million or 9% as compared with corresponding period in last year. Profit attributable to owners of the Company was HK\$57 million (2012: HK\$48 million), representing an increase of approximately HK\$9 million.

External sales of the Liquid Crystal Displays (“LCD”) decreased by HK\$5 million, from HK\$196 million to HK\$191 million. This was mainly due to the softening of the demand in the current period. Turnover of the Liquid Crystal Display Modules (“LCM”) increased by HK\$43 million, from HK\$215 million to HK\$258 million. The increase in LCM turnover was largely attributable to the increase in market share in high-value segment. In the segment results, the LCD segment recorded a drop in segment profit of HK\$5 million from HK\$25 million for the last year to HK\$20 million this year, and the LCM segment recorded an increase in segment profit of HK\$5 million from HK\$5 million for the last year to HK\$10 million this year.

The Group recorded a gross profit of approximately HK\$64 million (2012: HK\$61 million) and a gross profit margin of 14% (2012: 15%) for the period under review. The reasons for the decrease in gross profit margin were three folded: (1) continuous rising in wages in PRC; (2) below full utilization of the existing production capacity; and (3) keen price competition.

During the period, other income amounted to approximately HK\$6 million (2012: HK\$9 million). The other income mainly composed tooling income, scrap sales and dividend received.

Net gain from other gains and losses for current period was mainly attributable to exchange gain whereas the gain for the corresponding period in last year was mainly represented by securities trading.

Selling and distribution expenses amounted to approximately HK\$27 million (2012: HK\$24 million), an increase of approximately HK\$3 million and maintained at 6% of turnover (2012: 6%). The increase was mainly due to the transportation costs and promotional expenses.

Administrative expenses amounted to HK\$16 million (2012: HK\$19 million), representing a decrease of HK\$3 million, which was mainly due to the reduction of development costs incurred by the Group’s venture engaging in the development of LCD-related optical products. Due to unforeseeable difficulties, the product development phase was longer than expected. At present, it is still uncertain when the product would be successfully developed and become marketable. Development of the project has been slowed down and management has adopted measures to monitor and control the development expenditure at a manageable level.

## **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\$36 million (2012: HK\$25 million). The increase was largely attributable for by (1) the shift of its product mix towards industrial capacitors which command a higher sales value and gross profit margin, and (2) the reduction in electricity charge, which lowered the manufacturing costs of aluminium formed foil.

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

Kunshan Visionox Display Co. Ltd. (Kunshan Visionox), an associate of the Company, is a manufacturer of OLED products. Impairment loss has been provided in previous years to write down the carrying amount of the Group’s investment in Kunshan Visionox to zero. Kunshan Visionox’s performance has since improved, but the Group has not reversed any impairment loss previously recognised. The Group will continue to monitor the development of Kunshan Visionox to consider whether the impairment loss could partly or fully be reversed.

## **PROSPECTS**

Looking forward, the display business trading conditions was expected to be challenging. The profit margin of the Group would be under pressure. We commit to expand the market share in the high end market and broaden the product range to increase the business turnover and also the utilization of the current production capacity.

The management maintains a cautious view towards the results of the Group for the latter half of the financial year.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th September, 2013, the Group’s current ratio was 1.3 (31st March, 2013: 1.6). The gearing ratio, as a ratio of bank borrowings to net worth, was nil (31st March, 2013: nil).

As at 30th September, 2013, the Group had total assets of approximately HK\$1,276 million, which were financed by liabilities of HK\$290 million and total equity of HK\$986 million.

As at 30th September, 2013, the Group’s banking facilities amounted to approximately HK\$148 million (31st March, 2013: HK\$167 million) of which approximately HK\$12 million (31st March, 2013: HK\$8 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 30th September, 2013, Nantong Jianghai in which the Group has a 37.5% interest was involved in a legal proceeding in respect of breach of contractual agreement for an amount of approximately HK\$24,490,000. Nantong Jianghai and its legal counsel are strongly resisting this claim and, accordingly, no provision for any potential liability has been made in these condensed consolidated financial statements.

## **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 do not recommend the payment of an interim dividend for the six months ended 30th September, 2013.

## **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 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, 2013.

## **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, 2013.

## **AUDIT COMMITTEE**

The Audit Committee comprises all of the three independent non-executive Directors, namely The Hon. Tien Pei Chun, James, Mr Chu Chi Wai, Allan and Mr Lau Yuen Sun, Adrian. 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, 2013.

## **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, 27th November, 2013

*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 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.*