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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, 2019**

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, 2019 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, 2019*

		<b>Six months ended</b>	
		<b>30.9.2019</b>	<b>30.9.2018</b>
	<i>Notes</i>	<b><i>HK\$’000</i></b>	<b><i>HK\$’000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>450,957</b>	510,717
Cost of sales		<b>(377,514)</b>	(427,554)
Gross profit		<b>73,443</b>	83,163
Other income		<b>7,234</b>	6,428
Other gains and losses	4	<b>(7,821)</b>	2,144
Selling and distribution expenses		<b>(37,453)</b>	(38,039)
Administrative expenses		<b>(13,640)</b>	(13,702)
Finance costs		<b>(230)</b>	(642)
Share of results of associates	5	<b>53,879</b>	63,856
Profit before income tax		<b>75,412</b>	103,208
Income tax expense	6	<b>(8,697)</b>	(11,568)
Profit for the period	7	<b>66,715</b>	91,640

	<i>Note</i>	<b>Six months ended</b>	
		<b>30.9.2019</b>	30.9.2018
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive income (expense)			
of an associate		<b>3,126</b>	(3,605)
Items that may be reclassified subsequently			
to profit or loss:			
Exchange differences on translation of			
foreign operations		<b>2,991</b>	5,252
Subsidiaries		<b>(86,049)</b>	(135,484)
Associates			
Total comprehensive expense for the period		<b>(13,217)</b>	(42,197)
Profit for the period attributable to:			
Owners of the Company		<b>63,127</b>	86,910
Non-controlling interests		<b>3,588</b>	4,730
		<b>66,715</b>	91,640
Total comprehensive expense for the period attributable to:			
Owners of the Company		<b>(15,219)</b>	(43,692)
Non-controlling interests		<b>2,002</b>	1,495
		<b>(13,217)</b>	(42,197)
Earnings per share			
Basic – HK cents	9	<b>6.3</b>	8.7

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2019

	Notes	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		247,261	246,947
Investment properties		1,478	1,579
Prepayment for acquisition of plant and equipment		9,266	2,510
Interests in associates	5	1,350,753	1,403,259
Financial assets at fair value through profit or loss		2,739	2,739
Intangible assets		1,459	1,459
		<u>1,612,956</u>	<u>1,658,493</u>
<b>Current assets</b>			
Inventories		128,505	147,478
Trade and other receivables	10	230,975	200,691
Amounts due from associates		75	51
Financial assets at fair value through profit or loss		1,813	1,962
Bank balances and cash		247,325	318,123
		<u>608,693</u>	<u>668,305</u>
<b>Current liabilities</b>			
Trade and other payables	11	291,512	290,386
Contract liabilities		11,256	13,411
Dividend payable		51,394	—
Lease liabilities		4,241	—
Tax payable		24,336	20,907
		<u>382,739</u>	<u>324,704</u>
<b>Net current assets</b>		<u>225,954</u>	<u>343,601</u>
<b>Total assets less current liabilities</b>		<b>1,838,910</b>	<b>2,002,094</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		56,378	57,828
Lease liabilities		6,381	—
		<u>62,759</u>	<u>57,828</u>
		<u><u>1,776,151</u></u>	<u><u>1,944,266</u></u>
<b>Capital and reserves</b>			
Share capital	12	199,928	199,928
Reserves		1,552,140	1,720,673
<b>Equity attributable to owners of the Company</b>		<b>1,752,068</b>	<b>1,920,601</b>
<b>Non-controlling interests</b>		<b>24,083</b>	<b>23,665</b>
<b>Total equity</b>		<u><u>1,776,151</u></u>	<u><u>1,944,266</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2019

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than 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, 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2019.

### *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 issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1st April, 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 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

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. REVENUE/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”), LCDs-related optical products and LCDs-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, 2019**

	LCDs <i>HK\$'000</i>	LCMs <i>HK\$'000</i>	LCD-related optical products <i>HK\$'000</i>	LCD-related products <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue							
External sales	91,244	296,908	111	62,694	450,957	–	450,957
Inter-segment sales	43,662	12,915	–	–	56,577	(56,577)	–
Total	<u>134,906</u>	<u>309,823</u>	<u>111</u>	<u>62,694</u>	<u>507,534</u>	<u>(56,577)</u>	<u>450,957</u>
Segment profit (loss)	<u>(1,520)</u>	<u>26,197</u>	<u>(145)</u>	<u>2,546</u>			27,078
Interest income							1,547
Unallocated administrative costs							(6,862)
Finance costs							(230)
Share of results of associates							<u>53,879</u>
Profit before income tax							<u>75,412</u>

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

	LCDs <i>HK\$'000</i>	LCMs <i>HK\$'000</i>	LCD-related optical products <i>HK\$'000</i>	LCD-related products <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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)	–
Total	<u>202,531</u>	<u>347,729</u>	<u>173</u>	<u>41,214</u>	<u>591,647</u>	<u>(80,930)</u>	<u>510,717</u>
Segment profit (loss)	<u>9,698</u>	<u>30,013</u>	<u>(449)</u>	<u>245</u>			39,507
Interest income							443
Unallocated administrative costs							44
Finance costs							(642)
Share of results of associates							<u>63,856</u>
Profit before income tax							<u>103,208</u>

Segment profit (loss) represents the profit (loss) generated from/incurred by each segment, net of selling and distribution expenses and administrative expenses 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	
	30.9.2019	30.9.2018
	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	232	150
Net exchange (loss) gain	(4,985)	1,994
Gain on disposal of a subsidiary	32	—
Other loss ( <i>Note</i> )	(3,100)	—
	<u>(7,821)</u>	<u>2,144</u>

*Note: Other loss represents a loss provision in relation to a fire accident during the period.*

#### 5. INTERESTS IN ASSOCIATES

	30.9.2019	31.3.2019
	HK\$'000	HK\$'000
Share of net assets		
Listed associate	1,175,534	1,223,000
Unlisted associates	<u>175,219</u>	<u>180,259</u>
	<u>1,350,753</u>	<u>1,403,259</u>
Fair value of listed associates	<u>1,903,356</u>	<u>2,376,449</u>

#### 6. INCOME TAX EXPENSE

	Six months ended	
	30.9.2019	30.9.2018
	HK\$'000	HK\$'000
The tax charge comprises:		
Current tax		
Hong Kong	3,085	2,961
People's Republic of China (the "PRC")		
other than Hong Kong, Macau and Taiwan	2,893	4,992
Other jurisdictions	<u>787</u>	<u>1,322</u>
	<u>6,765</u>	<u>9,275</u>
Deferred taxation		
Current period	<u>1,932</u>	<u>2,293</u>
	<u>8,697</u>	<u>11,568</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying companies will be tax rates at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of companies not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the Group.

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 PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

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>30.9.2019</b>	30.9.2018
	<b>HK\$’000</b>	<b>HK\$’000</b>
Depreciation of property, plant and equipment	24,819	26,691
Share of tax of associates (included in share of results of associates)	12,137	12,199
Interest expenses for lease liabilities	230	–
Interest expenses for bank borrowing	–	642
(Reversal of)/allowances for obsolete inventories (included in cost of sales)	(2,882)	8,152
Allowances for credit losses	3,088	1,418
	<b><u>3,088</u></b>	<b><u>1,418</u></b>

## 8. DIVIDENDS

	<b>Six months ended</b>	
	<b>30.9.2019</b>	30.9.2018
	<b>HK\$’000</b>	<b>HK\$’000</b>
Special dividend in respect of the year ended 31st March, 2019 of HK10 cents per share (2018: nil)	99,964	–
Final dividend in respect of the year ended 31st March, 2019 of HK5 cents per share (2018: HK5 cents per share for the year ended 31st March, 2018)	49,982	49,982
	<b><u>149,946</u></b>	<b><u>49,982</u></b>

## 9. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.9.2019</b>	30.9.2018
Earnings attributable to owners of the Company for the purpose of basic earnings per share (HK\$'000)	<b>63,127</b>	86,910
Number of ordinary shares for the purpose of basic earnings per share	<b>999,641,171</b>	999,641,171

The directors of the Company consider that dilutive impact arising from share awards is insignificant for both periods.

## 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 credit losses, at the end of the reporting period:

	<b>30.9.2019</b> <b>HK\$'000</b>	31.3.2019 <b>HK\$'000</b>
1 – 30 days	<b>93,108</b>	81,838
31 – 60 days	<b>36,720</b>	30,785
61 – 90 days	<b>8,378</b>	25,209
91 – 120 days	<b>4,572</b>	4,169
Over 120 days	<b>5,951</b>	6,702
	<b>148,729</b>	148,703

All the Group's bills receivables as at 30th September, 2019 and 31st March, 2019 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>30.9.2019</b> <b>HK\$'000</b>	31.3.2019 <b>HK\$'000</b>
Up to 30 days	<b>48,738</b>	49,272
31 – 60 days	<b>27,793</b>	14,115
61 – 90 days	<b>20,187</b>	20,762
91 – 120 days	<b>11,547</b>	14,711
Over 120 days	<b>11,791</b>	16,576
	<b>120,056</b>	115,436

All the Group's bills payables amounting to HK\$182,000 as at 30th September, 2019 and HK\$160,000 as at 31st March, 2019 were due within 90 days.



## 12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised ordinary shares of HK\$0.2 each		
At 1st April, 2018, 30th September, 2018, 31st March, 2019 and 30th September, 2019	<b>2,000,000</b>	400,000
Issued and fully paid		
At 1st April, 2018, 30th September, 2018, 31st March, 2019 and 30th September, 2019	<b>999,641</b>	199,928

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

The Group recorded a consolidated turnover for the 6 months ended 30th September, 2019 of approximately HK\$451 million (2018: HK\$511 million), a drop of HK\$60 million or 12% as compared with the same period of last year. Profit attributable to owners of the Company was HK\$63 million (2018: HK\$87 million), representing a decrease of approximately HK\$24 million or 27%.

The uncertainties over the prospects of a trade deal between China and USA and the deceleration of the global economy has weighed in on the sentiment of liquid crystal display (“LCD”) and liquid crystal displays module (“LCM”) businesses. External sales of LCDs decreased by HK\$52 million, from HK\$143 million to HK\$91 million. The LCD segment recorded a segment loss of approximately HK\$2 million as compared with a segment profit of HK\$10 million last year. The loss of the LCD segment was largely due to the fall in turnover and a one-off loss of HK\$3 million provided. In September 2019, a fire broke out in one of the production chambers and caused damage to certain production facilities, machineries and inventories. Despite the unfortunate incident, there was no material disruption of the production. An estimated net loss provision of HK\$3 million in relation to the fire accident was recorded in the period under review. Excluding the said one-off loss, the LCD segment posted a profit of HK\$1 million. Turnover of LCM decreased by HK\$29 million, from HK\$326 million to HK\$297 million, and the LCM segment recorded a segment profit of HK\$26 million as compared with HK\$30 million of last year. The drop in LCM segment profit was largely due to the fall in turnover and keen price competition, which led to a lower profitability. The LCD-related product segment was mainly related to capacitive touch panel (“CTP”), which recorded a segment profit of HK\$3 million (2018: HK\$245,000). CTP sales rose from HK\$41 million to HK\$63 million or an increase of 54% which was a result of our committed efforts to gain market share in the high-value and growing CTP modules market segment.

As the Group’s turnover decreased, the gross profit dropped from HK\$83 million to HK\$73 million. While production capacity was under-utilized during the period, the Group adopted cost tightening measures to control manufacturing costs and reduce slow moving stocks. Accordingly, we managed to maintain the gross profit margin at 16% (2018: 16%) in the period under review.

During the period, other income amounted to approximately HK\$7 million (2018: HK\$6 million). The other income mainly comprised tooling income, scrap sales, interest income and compensation received from vendors.

Net loss of HK\$8 million (2018: net gain of HK\$2 million) from other gains and losses for the current period was mainly attributable to exchange loss of approximately HK\$5 million (2018: exchange gain of HK\$2 million) due to the depreciation of Renminbi and the provision for fire loss as mentioned above (2018: nil).

Selling and distribution expenses amounted to approximately HK\$37 million (2018: HK\$38 million) or down by 3% which was mainly due to the decrease in promotional expenses.

Administrative expenses was HK\$14 million which was at the same level as last year (2018: HK\$14 million).

## **Investments in Associates**

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

Nantong Jianghai, a 31.84% owned associate of the Group, is mainly engaged in the research, manufacture and sale of capacitors and related materials and components.

The share of profit from Nantong Jianghai for the period under review decreased from HK\$55 million to HK\$47 million, representing a decrease of HK\$8 million or 15%. The Sino-US trade dispute has weakened the overall demand for aluminium electrolytic capacitors and the set up costs of the new factories have affected profitability during the period. The thin film capacitors business is growing progressively alongside with the expansion of the customer portfolio. The super capacitor products were well received by the market and the business is developing satisfactorily. Nantong Jianghai is set for higher sales volume of super capacitors when the full scale production in the new plant commences in 2020. For the new plant in Hubei Province, pilot run for small sized capacitors and multi-layer polymer capacitors were conducted and mass production is expected to commence in the near future.

### ***Investment in Kunshan Visionox Technology Co. Ltd. (“Kunshan Technology”)***

In August 2018, the Group entered into agreements with Kunshan Govisionox Optoelectronics Co. Ltd., the largest shareholder of Kunshan Visionox Display Co. Ltd. (“Kunshan Display”), to dispose of its entire 43.87% interest in Kunshan Display for a consideration of RMB220 million. Upon completion, a one-off gain before taxation of approximately HK\$244 million was recorded in the final results of the year ended 31st March, 2019. As Kunshan Display ceased to be an associate of the Group, no share of results for Kunshan Display was recorded in the period under review.

The share of profit from Kunshan Technology, a 35.1% owned associate of the Group which is engaged in the sales and production of organic light-emitting diodes (“OLED”), amounted to approximately HK\$8 million which increased by approximately HK\$3 million as compared with last year. During the period Kunshan Technology recorded a steady business growth with expansion in the overseas market. However, the Sino-US trade war has affected the demand of OLED towards the end of the third quarter, in particular in the wearable market. Thanks to the well-diversified customer portfolio, undesirable market impact has been mitigated to a certain extent.

### ***Investment in Zaozhuang Visionox Electronics Technology Company Limited (“Zaozhuang Visionox”)***

Zaozhuang Visionox, a 40% owned associate of the Group, is situated in the Shandong Province. It is mainly engaged in the manufacture and sales of flexible printed circuits (“FPC”) and OLED related materials. The Group’s share of loss in the current period amounted to HK\$1 million as compared to a share of profit of HK\$2 million in last year, mainly due to the reduction of government grant income. The construction of the new FPC plant is expected be completed in 2020, by then mass production will commence.

## **Income Tax**

Effective tax rate in relation to the Group’s core business (income tax expenses excluding the withholding tax on undistributed profits in associates as a percentage of profit before income tax excluding share of results of associates) was 26% (2018: 20%). The increase in effective tax rate was largely due to the non-deduction of exchange losses recorded during the period under review.

## **PROSPECTS**

Given the prevailing Sino-US trade war and the slowdown of the global economy, the Group took a prudent view on the results for the second half year. The Group will strengthen the product development of Thin Film Transistor (“TFT”) and CTP modules to capture more business in the high-value product market. Furthermore, the Group will launch a more aggressive marketing program to gain more market share in the high-volume-order segment, which aims to increase the production capacity utilization. The Group will also adopt cost control measures to enhance profitability. On the other hand, it is expected that Nantong Jianghai and Kunshan Technology will continue to make positive profit contribution to the Group.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th September, 2019, the Group’s current ratio was 1.6 (31st March, 2019: 2.1). The gearing ratio, as a ratio of bank borrowings to net worth, was nil (31st March, 2019: nil).

As at 30th September, 2019, the Group had total assets of approximately HK\$2,222 million, which were financed by liabilities of HK\$446 million and total equity of HK\$1,776 million.

As at 30th September, 2019, the Group’s banking facilities amounted to approximately HK\$163 million (31st March, 2019: HK\$163 million) of which approximately HK\$0.2 million (31st March, 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 30th September, 2019.

## **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, 2019.

## **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 on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the following deviation:

Under Code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian, both independent non-executive directors of the Company, are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the bye-laws of the Company. The board does not believe that arbitrary term limits on the directors’ services are appropriate given that directors ought to be committed to representing the long-term interests of the shareholders.

The board is reviewing the situation and will, where appropriate, take necessary steps including amendment of the Company’s bye-laws to ensure compliance with the Code.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the directors. Having made specific enquiries of all directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30th September, 2019.

## **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, 2019.

## **AUDIT COMMITTEE**

The Audit Committee comprises two of the three independent non-executive directors, namely Mr. Chu Chi Wai, Allan and Mr. Lau Yuen Sun, Adrian; as well as Mr. Fang Yan Tak, Douglas, non-executive director. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September, 2019.

## PUBLICATION OF INTERIM REPORT

The interim results announcement is published on the websites of The Stock Exchange of Hong Kong 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 on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

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

Hong Kong, 28th November, 2019

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