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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, 2022

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, 2022 which have been reviewed by the Company’s audit committee and the auditor.

#### FINANCIAL HIGHLIGHTS

	Six months ended 30th September,		Change
	2022	2021	
	(unaudited)	(unaudited)	
	(HK\$' 000)	(HK\$' 000)	
Revenue	<b>734,965</b>	618,606	+19%
Gross profit	<b>121,538</b>	99,004	+23%
Profit for the period	<b>311,808</b>	131,796	+137%
Profit attributable to owners of the Company	<b>297,869</b>	121,718	+145%
Earnings per share (HK cents)			
– Basic	<b>30.6</b>	12.4	+147%
– Diluted	<b>30.4</b>	12.4	+145%
Special dividend per share (HK cents)	<b>20.0</b>	–	N/A

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

*For the six months ended 30th September, 2022*

	<i>Notes</i>	<b>Six months ended</b>	
		<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	30.9.2021 <b>HK\$'000</b> <b>(unaudited)</b>
Revenue	3	<b>734,965</b>	618,606
Cost of sales		<b>(613,427)</b>	<b>(519,602)</b>
Gross profit		<b>121,538</b>	99,004
Other income		<b>19,402</b>	6,969
Other gains and losses	4	<b>5,976</b>	1,060
Allowances for credit losses, net of reversal			
– trade receivables		<b>(3,625)</b>	(4,430)
– debt investments at amortised cost	10	<b>(31,852)</b>	(610)
Selling and distribution expenses		<b>(46,881)</b>	(38,263)
Administrative expenses		<b>(20,800)</b>	(15,796)
Finance costs		<b>(526)</b>	(301)
Gain on disposal of equity interests of an associate	5	<b>169,146</b>	–
Share of results of associates		<b>141,640</b>	98,644
Profit before income tax		<b>354,018</b>	146,277
Income tax expense	6	<b>(42,210)</b>	<b>(14,481)</b>
Profit for the period	7	<b>311,808</b>	131,796

		<b>Six months ended</b>	
		<b>30.9.2022</b>	30.9.2021
	<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	(unaudited)
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive income of associates, net of related income tax		(893)	4,442
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations			
Subsidiaries		(56,177)	8,976
Associates		(198,866)	26,841
Reclassification of cumulative translation reserve upon disposal of equity interests of an associate		(845)	–
		<u>55,027</u>	<u>172,055</u>
Total comprehensive income for the period			
Profit for the period attributable to:			
Owners of the Company		297,869	121,718
Non-controlling interests		13,939	10,078
		<u>311,808</u>	<u>131,796</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		45,776	161,540
Non-controlling interests		9,251	10,515
		<u>55,027</u>	<u>172,055</u>
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
Earnings per share			
– basic	9	<u>30.6</u>	<u>12.4</u>
– diluted	9	<u>30.4</u>	<u>12.4</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30th September, 2022*

	<i>Notes</i>	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2022 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>234,120</b>	267,548
Right-of-use assets		<b>4,797</b>	7,111
Investment properties		<b>875</b>	975
Interests in associates		<b>1,731,910</b>	1,893,409
Debt investments at amortised cost	<i>10</i>	<b>–</b>	15,160
Intangible assets		<b>1,459</b>	1,459
Other receivables and prepayment		<b>11,345</b>	50,068
		<b>1,984,506</b>	2,235,730
<b>Current assets</b>			
Inventories		<b>206,000</b>	276,602
Trade and other receivables	<i>11</i>	<b>363,941</b>	337,662
Debt investments at amortised cost	<i>10</i>	<b>47,518</b>	23,884
Bank balances and cash		<b>344,572</b>	104,334
		<b>962,031</b>	742,482
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>290,110</b>	319,461
Dividend payable		<b>48,446</b>	–
Contract liabilities		<b>26,325</b>	47,742
Derivative financial instruments		<b>2,791</b>	73
Tax payable		<b>21,529</b>	13,141
Bank borrowings		<b>8,040</b>	12,033
Lease liabilities		<b>3,098</b>	4,477
		<b>400,339</b>	396,927
<b>Net current assets</b>		<b>561,692</b>	345,555
<b>Total assets less current liabilities</b>		<b>2,546,198</b>	2,581,285

	<b>30.9.2022</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.3.2022 <i>HK\$'000</i> (audited)
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>80,093</b>	86,383
Lease liabilities	<b>2,113</b>	2,938
	<u><b>82,206</b></u>	<u>89,321</u>
	<u><b>2,463,992</b></u>	<u>2,491,964</u>
<b>Capital and reserves</b>		
Share capital	<b>197,336</b>	198,616
Reserves	<b>2,194,462</b>	2,225,641
	<u><b>2,391,798</b></u>	<u>2,424,257</u>
<b>Equity attributable to owners of the Company</b>	<b>2,391,798</b>	2,424,257
<b>Non-controlling interests</b>	<b>72,194</b>	67,707
	<u><b>2,463,992</b></u>	<u>2,491,964</u>
<b>Total equity</b>	<u><b>2,463,992</b></u>	<u>2,491,964</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2022

## 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 (“SEHK”).

## 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 additional accounting policies resulting from application of amendments 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, 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31st March, 2022.

### *Application of amendments to HKFRSs*

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1st April, 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

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

### 3. REVENUE/SEGMENT INFORMATION

Information reported to the executive directors of the Group, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The Group has only one reportable and operating segment as liquid crystal displays (“LCD”) and liquid crystal display modules (“LCM”) products.

The management of the Group assesses the performance of the reportable segment based on the revenue and segment profit. 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. The accounting policies of the reportable segment are the same as the Group’s accounting policies.

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

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$’000</b>	HK\$’000
Revenue – LCD & LCM	<u>734,965</u>	618,606
Segment profit – LCD & LCM	<u>59,816</u>	47,221
Net exchange gain/(loss)	<b>8,800</b>	(2,504)
Interest income	<b>13,371</b>	2,752
Rental income	<b>607</b>	610
Gain on fair value changes of financial assets at FVTPL	–	2,574
(Loss)/gain on fair value changes of derivative financial instruments	<b>(2,718)</b>	1,235
Allowances for credit loss for debt investments at amortised cost	<b>(31,852)</b>	(610)
Gain on disposal of equity interests of an associate	<b>169,146</b>	–
Gain on deemed disposal of an associate	–	120
Unallocated administrative expenses	<b>(4,266)</b>	(3,464)
Finance costs	<b>(526)</b>	(301)
Share of results of associates	<u>141,640</u>	98,644
Profit before income tax	<u><b>354,018</b></u>	<u>146,277</u>

Segment profit represents the gross profit generated in operating segment and certain items of other income, other gains and losses, net of selling and distribution expenses and administrative expenses directly attributable to the segment without allocation of net exchange differences, interest income, rental income, fair value changes of financial assets at FVTPL, fair value changes of derivative financing instruments, allowances for credit loss for debt investments at amortised cost, gain on disposal of equity interests of an associate, gain on deemed disposal of an associate, unallocated administrative expenses, finance costs and share of results of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue by type of products:

	<b>Six months ended</b>	
	<b>30.9.2022</b>	<b>30.9.2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
LCD	107,639	125,721
LCM	515,945	393,068
LCM – other related products	110,954	99,760
LCD – related optical products	427	57
	<u>734,965</u>	<u>618,606</u>

The Group operates in two principal geographical areas, including Hong Kong and The People's Republic of China, other than Hong Kong, Macau and Taiwan ("PRC" for the purpose of these condensed consolidated financial statements).

Information about the Group's revenue from external customers by geographical location are detailed below:

	<b>Six months ended</b>	
	<b>30.9.2022</b>	<b>30.9.2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The PRC	120,930	134,696
Germany	109,812	84,203
United States	90,859	49,251
Switzerland	63,768	33,728
Japan	63,495	52,754
Taiwan	57,868	49,306
Hong Kong	56,104	66,853
Spain	30,574	41,468
Other European countries	85,032	76,254
Other Asian countries	41,367	21,461
Other countries	15,156	8,632
	<u>734,965</u>	<u>618,606</u>

Due to the diversification in customers, the Group has no single customer contributing over 10% of the total revenue of the Group under the periods of review.

#### 4. OTHER GAINS AND LOSSES

	<b>Six months ended</b>	
	<b>30.9.2022</b>	<b>30.9.2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Gain on fair value changes of financial assets at FVTPL	–	2,574
(Loss)/gain on fair value changes of derivative financial instruments	(2,718)	1,235
Loss on disposal of property, plant and equipment	(106)	(365)
Net exchange gain/(loss)	8,800	(2,504)
Gain on deemed disposal of an associate	–	120
	<u>5,976</u>	<u>1,060</u>

#### 5. GAIN ON DISPOSAL OF EQUITY INTERESTS OF AN ASSOCIATE

During the current period, the Group disposed of a total of 10,463,000 equity shares (representing approximately 1.3% equity interest) of Nantong Jianghai Capacitor Co., Limited ("Nantong Jianghai") at a consideration of RMB210,403,000 (equivalent to HK\$248,170,000) through block trade transactions on the Shenzhen Stock Exchange. The transaction was completed in June 2022 and a pre-tax gain on disposal of equity interest of an associate of HK\$169,146,000 was recognised in the condensed consolidated statement of profit or loss.

## 6. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
The tax charge comprises:		
Current tax		
Hong Kong	1,419	2,223
PRC	34,343	8,799
Other jurisdictions	3,720	953
	<u>39,482</u>	<u>11,975</u>
Deferred taxation	2,728	2,506
	<u>42,210</u>	<u>14,481</u>

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying companies will be taxed at 8.25%, and profits above HK\$2,000,000 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 condensed consolidated financial statements.

Current tax in the PRC represented PRC Enterprise Income Tax and PRC Enterprise Withholding Tax. Under the EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. In addition, the EIT Law requires withholding tax to be levied on distribution of profits earned by the PRC entities for profits generated after 1st January, 2008 and at rate of 5% or 10% for Hong Kong and non-Hong Kong resident companies respectively, which are the beneficial owners of the dividend received and gain on disposal of unlisted equity securities in the PRC by Non-Resident Enterprises at a rate of 10%. During the interim period, the PRC Enterprise Withholding Tax of HK\$24,342,000 (2021: nil) was incurred and settled by the Group for the gain of disposal of equity interests of an associate.

Pursuant to the relevant law and regulations in the PRC, one of the Company's PRC subsidiaries was approved as Hi-Tech Enterprise and entitled to 15% PRC Enterprise Income Tax rate. Accordingly, the PRC Enterprise Income Tax of that PRC subsidiary was provided at 15% (2021: 15%) for the six months ended 30th September, 2022.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

## 7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation of property, plant and equipment	24,874	24,983
Depreciation of right-of-use assets	2,466	2,413
Depreciation of investment properties	100	101
	<u>27,440</u>	<u>27,497</u>
Total depreciation		
Interest expense for lease liabilities	127	223
Interest expense for bank borrowings	399	78
(Reversal of)/Recognition of allowance for inventories	(524)	5,497
Share of tax of associates (included in share of results of associates)	17,777	15,915
	<u>17,777</u>	<u>15,915</u>

## 8. DIVIDENDS

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the year ended 31st March, 2022 of HK5 cents per share (six months ended 30th September, 2021: HK2 cents per share for the year ended 31st March, 2021)	<b>49,334</b>	19,862

For the six months ended 30th September, 2022, the Company declared to distribute dividends amounting to HK\$49,334,000 (six months ended 30th September, 2021: HK\$19,862,000). The difference between this amount and the amount of dividends recognised as a distribution disclosed in the condensed consolidated statement of changes in equity represented the dividends to be paid to the Group's share award scheme.

Subsequent to the reporting period, the Company declared to distribute a special dividend of HK20 cents per share, totally amounted to HK\$196,273,200 for the year ending 31st March 2023.

## 9. EARNINGS PER SHARE

The calculation of earnings per share attributable to owners of the Group is based on the following data:

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	HK\$'000
<u>Earnings</u> Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>297,869</b>	121,718
	<b>Number of shares</b>	Number of shares
	<b>'000</b>	<b>'000</b>
<u>Number of shares</u> Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>973,004</b>	979,792
Effect of dilutive potential ordinary shares in respect of unvested shares awarded under the share award scheme	<b>6,734</b>	5,247
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>979,738</b>	985,039

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.

## 10. DEBT INVESTMENTS AT AMORTISED COST

During the current interim period, the Group purchased debt investments at PRC's real estate entity with purchase costs of US\$5,015,000 (equivalent to HK\$39,320,000) (six months ended 30th September 2021: US\$5,882,000 (equivalent to HK\$45,671,000)), and received repayments of debt investments amounted to US\$1,103,000 (equivalent to HK\$8,656,000) (six months ended 30th September 2021: nil). These notes carry coupon rate ranged from 5.6% to 6.75% per annum (31st March, 2022: 5.6% to 7.25% per annum). The effective interest rate of such bonds ranged from 5.7% to 7.0% (31st March, 2022: 8.3% to 11.8%) per annum. The bonds will be matured during November 2022 to September 2023.

The Group's debt investments at amortised cost mainly comprise listed bonds that are graded in the non-investment grade (31st March, 2022: middle investment grade) as per globally understood definitions and therefore are considered to be high credit risk investments. During the current interim period, the Group recorded an allowance for credit loss on debt investments at amortised cost of HK\$31,852,000 (six months ended 30th September, 2021: HK\$610,000).

Subsequent to the reporting period, the issuer of the debt investments at amortised cost (the "Issuer") announced that, subject to the consent of the holders (which has subsequently been obtained in November 2022), the maturity date of all notes issued by the Issuer will be extended by one to two years. As at 30th September, 2022, the Group held a total face value of US\$11,657,000 of notes issued by the Issuer (collectively the "Notes") and reflected in the condensed consolidated statement of financial position as debt investments at amortised cost at a carrying value of approximately HK\$47,518,000. It is the intention of the Group to hold the Notes to maturity.

## 11. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing credit periods ranging from 30 days to 150 days.

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>30.9.2022</b> <i>HK\$'000</i>	31.3.2022 <i>HK\$'000</i>
1 – 30 days	<b>133,683</b>	142,367
31 – 60 days	<b>81,034</b>	55,079
61 – 90 days	<b>49,657</b>	42,889
91 – 120 days	<b>19,808</b>	14,981
Over 120 days	<b>6,466</b>	8,885
	<b>290,648</b>	264,201

## 12. TRADE AND OTHER PAYABLES

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

	<b>30.9.2022</b> <i>HK\$'000</i>	31.3.2022 <i>HK\$'000</i>
1 – 30 days	<b>146,486</b>	115,754
31 – 60 days	<b>17,830</b>	29,969
61 – 90 days	<b>2,934</b>	22,634
91 – 120 days	<b>614</b>	11,856
Over 120 days	<b>7,486</b>	16,338
	<b>175,350</b>	196,551

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

The Group recorded a consolidated turnover of approximately HK\$735 million for the six months ended 30th September, 2022 (2021: HK\$619 million), representing an increase of HK\$116 million or 19% compared with that for the same period of last year. Profit attributable to owners of the Company was HK\$298 million (2021: HK\$122 million), representing an increase of approximately HK\$176 million or 145% year on year.

The flat panel display industry encountered challenging operating conditions amid high inflation in many major economies around the world. In the United States of America, the government has been tightening its monetary policy aggressively in response, at a pace faster than expected. Other advanced economies such as the United Kingdom and the European Union have also been raising interest rates in a bid to rein in the surging cost of living which has been first triggered by the COVID-19 pandemic outbreak and then exacerbated by energy shortages caused by the Russo-Ukrainian War. In China, economic growth has been slowing down amid the protracted COVID-19 pandemic. All this has resulted in a setback for the global economy during the period under review.

Although the overall demand for electronic components has been volatile, the Group registered impressive growth in both sales and earnings in the period under review. This achievement is largely attributable to the Group's strategy of focusing on the high-growth business segment of high-value products. The strict control of the material costs, agile inventory management and improved labour efficiency contributed to an increase in gross profit. Turnover increased by 19% year on year and gross profit edged up to HK\$122 million for the period under review from HK\$99 million for the same period of last year. Gross profit margin improved to approximately 17% in the period under review from the 16% for the same period of last year.

Sales of LCD modules ("LCM") increased by 31% year on year to HK\$516 million on the back of the strong demand from such industries as telecommunications, industrial control devices, medical and health care products and smart home appliances. The ongoing migration from pure LCD panels to LCM continued throughout the period. Sales of the LCD decreased modestly by 14% year on year to HK\$108 million for the period under review. Sales of LCM – other related products such as capacitive touch panel ("CTP") and TFT-CTP modules grew by 11% year on year. The growth was attributable to the Group's successful marketing campaigns targeted at the industries of telecommunications, smart home and smart office appliances.

During the period under review, other income amounted to approximately HK\$19 million (2021: HK\$7 million). Other income mainly comprised such items as interest income from investment in debt instruments at amortised cost and government grant.

The Group registered a gain of HK\$6 million (2021: HK\$1 million) from other gain or losses. This is largely contributed by the net exchange gain.

The Group recorded an allowance for credit loss for debt investments at amortised cost for HK\$32 million (2021: HK\$1 million) for the period under review. The Group has invested in notes issued by Greenland Global Investment Limited (the “Issuer”). In the period under review, the Issuer has requested the extension of the maturity date of one of the notes issued by it from 25th June, 2022 to 25th June, 2023 (“the Extended Notes”), and such request has been approved by the relevant noteholders. As at 30th September, 2022, the Group was holding the Extended Notes and certain notes issued by the Issuer (collectively the “Greenland Notes”) to the tune of a total face value of US\$11,657,000, at a carrying cost (after provision of credit loss) of approximately US\$6 million (equivalent to approximately HK\$48 million). It is the intention of the Group to hold the Greenland Notes to maturity. The Group is monitoring the situation closely and will take appropriate actions when necessary.

Selling and distribution expenses amounted to approximately HK\$47 million for the period under review (2021: HK\$38 million) or up by 23% year on year. This was mainly due to the increase in promotion expenses and staff-related costs in line with the increase in turnover.

Administrative expenses rose by 32% year on year to HK\$21 million for the period under review (2021: HK\$16 million) and stemmed from the increase in legal and professional fees and staff-related costs.

## **Investments in Associates**

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

Nantong Jianghai, the Group’s 29.75%-owned associate, mainly engages in the manufacture and sales of aluminum electrolytic, thin-film and super capacitors, and the production and sales of aluminum foil for high-performance aluminum electrolytic capacitors.

Amid a challenging business environment, Nantong Jianghai continued to deliver remarkable results for the period under review. The Group’s share of Nantong Jianghai’s profit increased to HK\$128 million in the period under review from HK\$92 million in the same period of last year. Its main products can be categorized into 3 groups: (i) aluminium electrolytic capacitors, (ii) thin film capacitors and (iii) supercapacitors. It has achieved sustainable growth through long term commitment in investing in research and development of new technology in materials, product development and manufacturing processing. In the period under review, Nantong Jianghai was able to achieve key objectives by capitalizing on such burgeoning industries of renewable energy and electric vehicles and continued to consolidate its dominant position in the market of industrial controls industry. Nantong Jianghai continues to streamline its operations and endeavours to make forays into new market segments to improve business performance.

Nantong Jianghai has become one of the top global players in the large aluminium electrolytic capacitors business by strengthening its position in the markets such as inverters, power converters and automotive chargers. To further extend its market reach, Nantong Jianghai is also developing other key products such as solid-state multilayer polymer capacitors and hybrid capacitors. To enhance its production capacity, Nantong Jianghai has also made significant progress in the construction of a production facility for high-performance aluminium electrolytic capacitors in Inner Mongolia.

Thin-film capacitors have been rapidly adopted in the new energy sector and automotive industry and Nantong Jianghai has captured the opportunity. New applications of thin-film capacitors are in the pipeline and they are expected to contribute to Nantong Jianghai's further business development.

Super capacitors are used in a diverse range of sectors, ranging from smart meter manufacturing to power grid operation. Nantong Jianghai continues to cement its footholds in markets such as port machinery, mining equipment, electric vehicles and power grid frequency regulation.

During the period under review, the Group divested a total of 10,463,000 shares in Nantong Jianghai, or approximately 1.3% of the latter's total issued shares for a total consideration of approximately HK\$248 million and realized a post-tax gain of HK\$148 million. The Group started investing in Nantong Jianghai in 2005 and since then the business of Nantong Jianghai has grown substantially. Management believes that realizing part of its gain and using the proceeds from the disposal for developing its own business is in the interests of the Company and its shareholders as a whole. After the disposal, the Group remains the largest shareholder of Nantong Jianghai. Nantong Jianghai continues to be an associate of the Group, and the results of Nantong Jianghai continue to be included through equity accounting in the Group's financial statements.

### ***Investment in Suzhou QingYue Optoelectronics Technology Co. Ltd. (“Suzhou QingYue”)***

The Group's share of profit from Suzhou QingYue, its 35.1%-owned associate, which engages in the sales of organic light-emitting diodes (“OLED”), e-paper modules and micro-OLED, amounted to approximately HK\$13 million in the period under review, representing an increase of 86% from approximately HK\$7 million recorded in the corresponding period of 2021.

Suzhou QingYue is one of the global leaders in passive-matrix OLED (“PMOLED”). Leveraging its leading and proprietary technology, Suzhou QingYue has increased its investments and focus in areas of e-paper modules and micro-OLED. The e-paper modules business has developed substantially, and contributed to the growth in both sales and profit of Suzhou QingYue for the period. While it was early for micro-OLED, it has continued to be a key theme of Suzhou QingYue. Delivering high performance “near-eye displays”, potential applications include eyewear or smart glasses providing functions of augmented reality (“AR”) and virtual reality (“VR”).

To fund its business expansion, Suzhou QingYue has applied for its initial public offering in the Science and Technology Innovation Board of the Shanghai Stock Exchange and its registration application has recently been approved by the China Securities Regulatory Commission.

### **Income Tax**

Effective tax rate in relation to the Group's business (income tax expenses excluding withheld tax on undistributed profits in associates as a percentage of profit before income tax and excluding share of profits of associates) was 16% (2021: 19%).

## Prospects

In the first half of financial year 2023, the overall industrial sector has endured many challenges: the ongoing global pandemic, the Ukraine crisis, high inflation, and rising interest rate etc. While we expect the operating conditions to remain unpredictable in the near foreseeable future, our strong start to financial year 2023 demonstrated our ability to manage through volatility. We are also confident Nantong Jianghai and Suzhou QingYue will continue to prosper – their trusted brands, with strong customer recognition, will drive superior future growth. Leveraging both their leading technologies and infrastructure, they are uniquely positioned to capture the lion share of the large and growing addressable markets.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2022, the Group's current ratio was 2.4 (31st March, 2022: 1.9). The gearing ratio, as a ratio of bank borrowings to net worth, was 0.3% (31st March, 2022: 0.5%).

As at 30th September, 2022, the Group had total assets of approximately HK\$2,947 million, which were comprised of liabilities of HK\$483 million and total equity of HK\$2,464 million.

As at 30th September, 2022, the Group's banking facilities amounted to approximately HK\$160 million (31st March, 2022: HK\$160 million) of which approximately HK\$8 million (As at 31st March, 2022: HK\$12 million) were utilized mainly for issuance of letters of credit, short-term loan and bills payable.

Certain subsidiaries of the Group have assets and liabilities in foreign currencies, 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.

## Events after the reporting period

### ***(A) Postponement of repayment of debt investments at amortized cost***

On 31st October, 2022, the Issuer of the Greenland Notes announced that, subject to the consent of the holders (which has subsequently been obtained), the maturity of all the notes issued by the Issuer will be extended by one to two years.

As at 30th September, 2022, the Group held a total face value of US\$11,657,000 of Greenland Notes and reflected in the condensed consolidated statement of financial position as debt investments at amortised cost at a carrying value of approximately HK\$47,518,000. It is the intention of the Group to hold the Greenland Notes to maturity. The directors of the Company are monitoring the situation closely and take necessary actions, including making additional provision for expected credit loss, if deemed appropriate.

## ***(B) Disposal of partial equity interest in a significant associate***

Subsequent to the reporting period, the Group disposed of a total of 4,100,000 equity shares (representing approximately 0.5% equity interests) of Nantong Jianghai at a consideration of RMB98,400,000 (equivalent to approximately HK\$105,553,000) in total through block trade transactions on the Shenzhen Stock Exchange. Upon completion of the disposal, Nantong Jianghai continues to be an associate of the Group, and the results of Nantong Jianghai continue to be equity accounted for in the Group's consolidated financial statements. The directors of the Company are in the process of assessing the financial impact of the disposal transaction to the Group's consolidated financial statements.

## **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, 2022.

## **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 board of directors (the "Board") has resolved not to recommend the payment of an interim dividend for the six months ended 30th September, 2022. However, the Board has resolved to declare a special dividend of HK20 cents per ordinary share of the Company for the year ending 31st March 2023. The special dividend will be payable on or around Wednesday, 28th December 2022 to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 13th December 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to the special dividend, the register of members of the Company will be closed on Monday, 12th December 2022 to Tuesday, 13th December, 2022, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 9th December, 2022.

## 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”) throughout the six months ended 30th September, 2022.

## 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, the Board is not aware of any non-compliance with the required standard as set out in the Model Code throughout the six months ended 30th September, 2022.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company repurchased 8,479,171 shares on The Stock Exchange of Hong Kong Limited from 29th June, 2022 to 30th September, 2022, details of which are follows:

Month of repurchase	Number of shares repurchased	Highest price paid (HK\$)	Lowest price paid (HK\$)	Total amount paid (HK\$)
June 2022	680,000	3.09	3.00	2,079,100
July 2022	3,920,000	3.35	2.94	12,351,200
August 2022	1,800,000	3.09	2.98	5,508,940
September 2022	2,079,171	3.07	2.90	6,246,240
<b>Total</b>	<b>8,479,171</b>			<b>26,185,480</b>

Save as disclosed above, no repurchase has been made by the Company or any of its subsidiaries on The Stock Exchange of Hong Kong Limited of any listed securities of the Company for the six months ended 30th September, 2022.

## **AUDIT COMMITTEE**

The Audit Committee comprises all three independent non-executive directors of the Company i.e. Mr. Lau Yuen Sun, Adrian as chairman, Mr. Chu Chi Wai, Allan and Professor Lau Kei May. 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, 2022.

## **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, 25th November, 2022

*As at the date of this announcement, the board of directors of the Company comprises Mr. Fang Yan Tak, Douglas, Mr. Li Kwok Wai, Frankie and Mr. Leung Tze Kuen as executive directors; Mr. Chen Shuang, JP as non-executive director; and Mr. Chu Chi Wai, Allan, Mr. Lau Yuen Sun, Adrian and Professor Lau Kei May as independent non-executive directors.*