



YEEBO (INTERNATIONAL HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 259)

INTERIM RESULTS FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER, 2007

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, 2007 which have been reviewed by the Company’s audit committee and the auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2007

		Six months ended	
		30.9.2007	30.9.2006
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	376,514	232,276
Cost of sales		(321,928)	(193,640)
Gross profit		54,586	38,636
Other income		4,303	3,742
Investment income		6,238	6,527
Impairment loss on available-for-sale investments		(20,495)	–
Selling and distribution expenses		(15,652)	(15,933)
Administrative expenses		(28,177)	(18,927)
Fair value changes on investments held for trading		–	1,456
Gain on disposal of available-for-sale investments		–	1,579
Share of losses of associates		(2,395)	(3,187)
Share of profits of a jointly controlled entity		10,244	10,591
Finance costs		(340)	(993)
Profit before income tax		8,312	23,491
Income tax expense	4	(2,810)	(1,836)
Profit for the period	5	5,502	21,655
Attributable to:			
Equity holders of the Company		8,017	21,286
Minority interest		(2,515)	369
		5,502	21,655
Dividend	6	10,436	10,436
Earnings per share			
Basic	7	HK0.77 cent	HK2.04 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th September, 2007

		30.9.2007 (Unaudited) HK\$'000	31.3.2007 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	8	186,788	169,006
Deposits for acquisition of plant and equipment		5,100	458
Deposits for acquisition of land use rights		15,947	15,556
Investments in associates		22,334	24,202
Investment in a jointly controlled entity		148,245	134,035
Available-for-sale investments		12,918	21,695
Intangible assets		17,449	10,794
		408,781	375,746
Current assets			
Inventories		109,875	82,882
Trade and other receivables	9	129,506	111,429
Bills receivable	9	2,205	–
Amount due from an associate		21,203	18,617
Amount due from a jointly controlled entity		–	45
Time deposits with maturity over three months		81,904	147,641
Bank balances and cash		191,698	194,002
		536,391	554,616
Current liabilities			
Trade and other payables	10	144,827	122,389
Bills payable	10	3,762	2,609
Amount due to an associate		2,211	2,441
Deferred consideration on acquisition of a jointly controlled entity		–	40,404
Deferred income		1,036	808
Tax payable		5,968	3,345
Dividend payable		10,436	132
		168,240	172,128
Net current assets		368,151	382,488
Total assets less current liabilities		776,932	758,234
Non-current liabilities			
Deferred income		12,115	11,616
Government loan		8,837	8,346
Other payables		1,944	1,836
		22,896	21,798
		754,036	736,436
Capital and reserves			
Share capital		208,713	208,713
Reserves		422,851	405,786
Equity attributable to equity holders of the Company		631,564	614,499
Minority interest		122,472	121,937
Total equity		754,036	736,436

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2007

1. BASIS OF PREPARATION

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

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.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2007.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1st April, 2007. The adoption of these new HKFRSs has no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new and revised standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 12	Service Concession Arrangements ²
HK(IFRIC) – INT 13	Customer Loyalty Programmes ³
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1st January 2009

² Effective for annual periods beginning on or after 1st January 2008

³ Effective for annual periods beginning on or after 1st July 2008

3. SEGMENT INFORMATION

The Group's primary format for reporting segment information is business segment.

Six months ended 30th September, 2007 (Unaudited)

	Liquid Crystal Display HK\$'000	Liquid Crystal Module HK\$'000	Unreportable HK\$'000	Total HK\$'000
Revenue				
External sales	<u>183,408</u>	<u>179,812</u>	<u>13,294</u>	<u>376,514</u>
Result				
Segment result	<u>18,932</u>	<u>6,847</u>		25,779
Unallocated income net of expenses				(1,625)
Interest income				6,238
Unallocated corporate expenses				(2,510)
Net exchange losses				(6,584)
Impairment loss on available-for-sale investments				(20,495)
Finance costs				(340)
Share of losses of associates				(2,395)
Share of profits of a jointly controlled entity				10,244
Profit before income tax				8,312
Income tax expense				(2,810)
Profit for the period				<u>5,502</u>

Six months ended 30th September, 2006 (Unaudited):

	Liquid Crystal Display HK\$'000	Liquid Crystal Module HK\$'000	Unreportable HK\$'000	Total HK\$'000
Revenue				
External sales	<u>172,003</u>	<u>43,923</u>	<u>16,350</u>	<u>232,276</u>
Result				
Segment result	<u>11,295</u>	<u>(737)</u>		10,558
Unallocated income net of expenses				3,722
Dividend income				976
Interest income				5,551
Fair value changes on investments held for trading				1,456
Gain on disposal of available-for-sale investments				1,579
Unallocated corporate expenses				(4,852)
Net exchange loss				(1,910)
Finance costs				(993)
Share of losses of associates				(3,187)
Share of profits of a jointly controlled entity				10,591
Profit before income tax				23,491
Income tax expense				(1,836)
Profit for the period				<u>21,655</u>

4. INCOME TAX EXPENSE

Six months ended	
30.9.2007	30.9.2006
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

The tax charge comprises:

Other jurisdictions	<u>2,810</u>	<u>1,836</u>
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No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for the six months ended 30th September, 2007.

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

Pursuant to the relevant laws and regulations in the People's Republic of China (the "PRC"), the Group's PRC subsidiaries are exempted from PRC enterprise income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

In March 2007, the National People's Congress of the PRC approved the new PRC enterprise income tax law (the "New Income Law"). With effect from 1st January, 2008, the tax rate will be unified for all enterprises in PRC at the rate of 25% of its profits. The directors consider that the change in tax rate in the PRC may have an impact to the tax position of the Group as the existing tax incentive as an export oriented enterprise granted to one of the PRC subsidiaries might not be applicable under the New Income Law.

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended	
	30.9.2007	30.9.2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	18,379	17,541
Amortisation of intangible assets	1,850	–
Dividend income	–	(976)
Interest income	(6,238)	(5,551)
Loss on disposal of property, plant and equipment	299	37
Net exchange loss	6,584	1,910
Share of tax of a jointly controlled entity		
(included in share of profits of a jointly controlled entity)	–	149

6. DIVIDEND

	Six months ended	
	30.9.2007	30.9.2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend for 2006/07 – HK1 cent per share (2005/06: HK1 cent per share)	10,436	10,436

The final dividend for the year ended 31st March, 2007 of HK1 cent per share was paid subsequent to the six months ended 30th September, 2007. The directors do not recommend the payment of an interim dividend.

7. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2007	30.9.2006
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share (HK\$'000)	8,017	21,286
Number of ordinary shares for the purpose of basic earnings per share	1,043,563,171	1,043,563,171

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

8. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group incurred approximately HK\$35,994,000 on the additions to the property, plant and equipment to expand its operations.

9. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

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

The following is an aged analysis of trade receivables and bills receivable at the reporting date:

	30.9.2007	31.3.2007
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Up to 30 days	101,801	74,616
31 – 60 days	10,034	2,403
61 – 90 days	2,185	2,747
91 – 120 days	–	2,217
Over 120 days	–	1,482
	114,020	83,465
Other receivables and prepayments	17,691	27,964
	131,711	111,429

10. TRADE AND OTHER PAYABLES/BILLS PAYABLE

The following is an aged analysis of trade payables and bills payable at the reporting date:

	30.9.2007 (Unaudited) HK\$'000	31.3.2007 (Audited) HK\$'000
Up to 30 days	31,996	23,075
31 – 60 days	26,193	15,498
61 – 90 days	12,181	14,539
91 – 120 days	3,546	7,456
Over 120 days	6,736	4,608
	80,652	65,176
Other payables	69,881	61,658
	150,533	126,834

11. RELATED PARTY TRANSACTIONS

During the period, the Group had the following related party transactions:

		Six months ended	
		30.9.2007	30.9.2006
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Nature of transactions			
An associate	Accountancy service income	180	180
	Interest income	–	412
	Acquisition of intangible assets	8,222	–
Directors	Remuneration	1,622	1,547

Details of balances with related parties as at balance sheet date are set out in the balance sheet.

12. CAPITAL COMMITMENTS

	30.9.2007 (Unaudited) HK\$'000	31.3.2007 (Audited) HK\$'000
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the financial statements	21,375	36,843
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	205,029	250,181

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a consolidated turnover and profit attributable to equity holders of the Company for the six months ended 30th September, 2007 of approximately HK\$377 million (2006: 232 million) and HK\$8 million (2006: HK\$21 million), respectively. The display business turnover increased by HK\$145 million or 62% to HK\$377 million. The display sales was boosted mainly by the LCM sales, which accounted for 48% of total sales. In particular, the TFT modules sales exhibited an encouraging growth in current period. During the period, LCD business registered a moderate growth. LCD business environment continued to be competitive with keen competitive pricing. To combat the situation, the Group has expanded its marketing teams with an aim to enlarge the market coverage and diversify both the clientele and product application.

The Group recorded a gross profit of approximately HK\$55 million for the six months ended 30th September, 2007 (2006: HK\$39 million). The improvement in gross profit was largely attributable to the increase in turnover. The gross profit margin was 14% (2006: 17%), which was 3% lower than that in last year. This was mainly due to the change in the sales mix between LCD and LCM in the two comparative period.

Investment income for the period was approximately HK\$6 million (2006: HK\$7 million) which was largely generated from interest earned from bank deposits.

The selling and distribution costs was approximately HK\$16 million in the six months ended 30th September, 2007 (2006: HK\$16 million), which represented 4% of the Group's turnover (2006: 7%). This reflects our tight control in selling expenses even with the increase in business volume in the current period.

Administrative expenses for the six months ended 30th September, 2007 was approximately HK\$28 million (2006: HK\$19 million), representing an increase of \$9 million. Part of the increment was related to the increase in operating expense and the exchange loss recorded in the books of Kunshan Visionox Display Co. Ltd. ("Kunshan Visionox"), a partly owned subsidiary established in the People's Republic of China ("PRC"), arising from the translation of the USD bank deposit as the Renminbi appreciated against USD in the current period. The exchange loss had minimal impact to the net asset value of the Group as there was a corresponding increase in the translation reserve when the Renminbi denominated books of Kunshan Visionox were translated into HKD, the reporting currency of the Group. The USD bank deposit will be used for acquiring plant and machinery for the OLED project.

The Group reported a profit before taxation of approximately HK\$8 million for the period (2006: HK\$23 million).

The profit before taxation had taken into account the impairment loss of the investment in Ascalade Communication Inc. ("Ascalade"), a company listed in the Toronto Stock Exchange. The Group's investment in Ascalade was reflected in the balance sheet at its fair value, and changes in the fair value recognized in the investment revaluation reserve. The Group's investment was written down by HK\$10 million as at 31st March, 2007, and a further write down of approximately HK\$10 million was recorded in the current period. As the fair value of the Group's investment had diminished below its cost for a substantial period of time, the Board took a prudent approach and determined that there has been impairment in value. In accordance with the Group's accounting policy, the whole amount of HK\$20 million in the investment revaluation reserve had been recognized in the income statement, which reduced the profit for the period by the same amount. The impact on the Group's net asset value was limited to the changes in fair value of the Group's investment in Ascalade of approximately HK\$10 million during the period. The carrying value of the Group's investment in Ascalade after the impairment loss was approximately HK\$12 million.

Significant Investments

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

In the period under review, Nantong Jianghai encountered a highly challenging business environment including shortage of material, mounting material cost and competitive pricing. To combat the situation, Nantong Jianghai is shifting its client base to industrial customers which command a higher sales value and margin.

Investment in Kunshan Visionox Display Co. Ltd. (“Kunshan Visionox”)

The construction of the first phase plant in Kunshan, Jiangsu, PRC with a total floor area of 31,000 square meters has been completed. The production equipment are in the process of procurement. The factory will be equipped with the facilities to produce mono color, area color, and full color OLED products. The application will cover both consumer electronics and industrial instruments segments.

Prospects

Historically, the sales in the second half of the financial year is relatively lower than in the first half. With the introduction of TFT module business in 2006 and expansion of ITO glass business, the situation is expected to improve this year. With the commitment in the investment in OLED project in Kunshan, the Group is paving the way to become a global one-stop supply for monochrome to color display panels.

Litigation

On 23rd July, 2007, a writ of summons was issued by Shenzhen Tian He Jian Sang Electronic Holdings Company Limited (“Shenzhen Tin He Jian Sang”) against the Company in the High Court of Hong Kong as joint and several co-defendant with an independent third party, claiming by way of action:

- (i) Compensation in an alleged judgment issued by the Guangdong Provincial Superior People’s Court dated 22nd July, 1998 in sum of RMB10,834,016 as awarded under the said alleged judgment;
- (ii) Damages for failing to honour the said alleged judgment related to the delivery of certain liquid crystal appliances production systems to Shenzhen Tin He Jian Sang;
- (iii) Costs incurred in leading to the said alleged judgment including a sum of RMB260,013; and
- (iv) Interest and costs.

The Board, after consulting the legal advisors of the Company, is of the opinion that there is a genuine good defence for the case. The Company has taken action and is in the process of defending the case. Details are set out in the Company’s announcement on 30th July, 2007.

Contingent Liabilities and Charges of Assets

As at 30th September, 2007, a jointly controlled entity of the Group provided guarantee amounting to approximately HK\$44,527,000 to a bank in respect of a bank facility granted to a third party, of which HK\$22,623,500 is shared by the Group.

Except as disclosed above and in the section under “Litigation”, the Group had no other material contingent liabilities and there was no charge or pledge on the Group’s assets as at 30th September, 2007.

Liquidity and Financial Resources

As at 30th September, 2007, the Group’s current ratio as a ratio of current assets to current liabilities, was 3.2 times (31st March, 2007: 3.2 times). The gearing ratio, as a ratio of bank borrowings to equity attributable to equity holders of the Company, was nil (31st March, 2007: nil).

As at 30th September, 2007, the Group had total assets of HK\$945 million which were financed by liabilities of HK\$191 million and total equity of HK\$754 million.

As of balance sheet date, the Group had banking facilities amounted to HK\$230 million of which HK\$5 million were utilized for issuance of letters of credit and bills payable. As at 30th September, 2007, the Group has been granted a loan by the PRC government with a book value of approximately HK\$9 million and there was no outstanding bank loan.

Other than the USD deposits held by the Group’s subsidiaries established in the PRC, the Group has no other material exposure to fluctuation in exchange rates.

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.

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, 2007.

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, 2007.

AUDIT COMMITTEE

The Audit Committee comprises all of the three independent non-executive Directors, namely The Hon, Tien Pei Chun, James, GBS, JP, 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, 2007.

PUBLICATION OF INTERIM REPORT

The interim results announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited (<http://www.hkex.com.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, 18th December, 2007

As at the date of this announcement, the Board 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.