



I would like to present the annual report of Yeebo (International Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st March, 2001.

### **ALLOTMENT OF NEW SHARES**

Pursuant to the ordinary resolution passed at the special general meeting on 5th January, 2001, the subscription agreement dated 22nd November, 2000 ("Subscription Agreement") of the issuance of 350,000,000 new shares of HK\$0.20 each to Cando Corporation was approved. The Subscription Agreement was completed on 10th February, 2001 and 350,000,000 new shares were allotted to Cando Corporation on

12th February, 2001 at a cash consideration of HK\$0.40 per share. The gross proceeds from the Subscription of HK\$140 million was deposited with banks as at 31st March, 2001.

### **FINANCIAL POSITION**

As a result of the allotment of new shares, the financial position of the Group continued to improve during the year. The Group's working capital increased from HK\$144 million to HK\$262 million

### **REVIEW OF OPERATIONS AND PROSPECT**

Turnover for the year ended 31st March, 2001 amounted to HK\$272 million, which represented a decrease of 15.2% when comparing with the previous year. During the year 2000, there was a severe shortage of integrated circuits hence affecting the sales of LCD products. Gross profit ratio increased from 13.0% to 13.9% as a result of cost reduction during the year.

Following our tight cost control policy, our administrative expenses decreased from HK\$36.9 million to HK\$33.5 million. Expenses in connection with the proposed formation of a joint venture company, which was not passed by shareholders at the special general meeting of the Company on 30th June, 2000, amounted to HK\$1.2 million were included in the HK\$33.5 million administrative expenses. Profit for the year amounted to HK\$5.8 million, representing an increase of 29% over the preceding year of HK\$4.5 million.

In the coming year, we would continue to follow our tight cost control policy to reduce our costs. On the other hand, we are aggressively diversifying our customer base to increase our market share. New facilities would be purchased to replace the old ones to enable the Group to produce high end TN LCD products with better quality. With its low production cost base, better product quality, increased marketing effort as well as mass production capacity, the Group will be one of the first few in the industry to have income growth in the weak economic market.

### **NEW PRODUCTS**

In early 2001, we started to sell touch panel and heat seal directly as our new products. Though the amount involved is not material at the moment, the feedback from customers are satisfactory in terms of price and quality. Based on our existing sales network of LCD, we expect there will be a substantial growth in sales of these products in the coming year.

### **ACKNOWLEDGEMENT**

I have pleasure to welcome Mr. Ling, Harry Ph.D. and Mr. Chen Chin Tung, Daniel to join the board as executive director and non-executive director respectively. Both of Mr Ling, Harry Ph.D. and Mr. Chen Chin Tung, Daniel are experienced businessmen in the electronics LCD related business for years. Their experience and connection in the industry will be a great asset in the future development of the Group's business. I am sure that the Group will benefit from their valuable advice.

On behalf of the board, I would like to thank all staff members for their hard work and dedication to the Group during the year, and the Shareholders for your continuous support.



**Fang Hung, Kenneth**

*Chairman*

19th July, 2001