



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, 2002.

Mandatory Unconditional Cash Offer

As announced on 27th June, 2002, Antrix Investment Limited ("Antrix"), a private limited company controlled by Mr. Frankie Li and myself, entered into a share purchase agreement with Cando Corporation ("Cando") to acquire 350,000,000 shares in the Company from Cando at HK\$0.25 per share for a total consideration of HK\$87.5 million on 25th June, 2002.

Upon completion of the share purchase agreement, the shareholding of Antrix, together with the personal shareholdings of Mr. Frankie Li and myself, in the Company have increased from 36.79% to 70.33%. A mandatory unconditional cash offer to other shareholders was made on 17th July, 2002, the details of which are set out in the Circular of the Company sent to you on 17th July, 2002.

The representatives of Cando, Dr. Harry Ling, Mr. Chen Chin Tung and Mr. Wong Kam Wah (alternate to Dr. Harry Ling) will resign from the Board of the Company in August 2002.

Financial Position

The financial position of the Group has been in a very good shape with its working capital increased from HK\$262 million as of 31st March 2001 to HK\$266 million as of 31st March 2002. As a result of keeping the inventory at a optimal minimum level, our bank balances and cash amounted to HK\$176 million despite the fact we had invested HK\$27 million in property, plant and equipment. As of the year end date total liabilities of the Group amounted to HK\$50 million only.

Review of Operations

The year ended 31st March 2002 was a difficult one for the Group. The LCD market continued to shrink with increasing number of suppliers cutting their price to maintain their market share. Despite the fierce competition, the Group managed to maintain its share in the market with an increased profit margin. This was attributable to, firstly, the successful reduction in production costs by improving the efficiency of our manufacturing facilities; and secondly, the marketing effort in successfully diversifying the customer base of the Group.

During the year, the Group also discontinued its loss-making PCB business. Although a charge of approximately of \$2.8 million had to be made against the profit for the year as a result thereof, I believe that such decision is in the long term interest of the Group.

As a result of the overall shrinkage of the LCD market, the turnover for the year ended 31st March, 2002 decreased by 2.0% to HK\$267 million. However, the gross profit margin increased from 12.1% to 13.9% and the net profit for the year amounted to HK\$6.5 million, representing an increase of 11.7% over that of HK\$5.8 million in the preceding year.

Chairman's Statement

Prospect

In the coming year, we will continue to follow our tight control policy to contain our costs, improve our customer service and diversify our customer base to increase our market share. As most of our sales currently concentrated on Hong Kong and the PRC market, it is also our plan to explore overseas market such as South Korea, Taiwan, Japan and the United States.

Additional equipment would be purchased to replace the old ones to enable the Group to produce high end TN and STN LCD products. We plan to start the manufacture of LCD modules in the fourth quarter of 2002.

The Group will also look for prudent alternatives so that there will be better return on its liquid funds.

Acknowledgement

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



Fang Hung, Kenneth

Chairman

26th July, 2002