CHAIRMAN'S STATEMENT

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, 2006

REVIEW OF OPERATIONS

For the year ended 31st March, 2006, the Group registered a turnover of HK$391 million. As a result of the disposal of investment property in the current and previous year, rental income reduced by HK$12 million. Excluding the investment property income, our display business turnover increased by HK$16 million and our gross profit ratio maintained at 14%. Turnover of Liquid Crystal Displays ("LCD") and other related display business amounted to HK$391 million (2005: HK$375 million), representing a 4% growth. Gross profit (excluding rental income) increased from HK$53 million to HK$55 million. Taking into account the realized and unrealised gain in investments in trading securities and financial instruments, rental income, movement in investment property revaluation reserve and gain on disposal of investment properties, the total profit for the year amounted to HK$35 million (2005: HK$192 million). The apparent drop in profit is due to the inclusion in 2005 of a non-recurring gain on disposal of investment properties of HK$193 million.

The monochrome display market continued to be very competitive in current year. During the year, the Group faced the challenge of rising operating cost and also new competitors. The Group reacts to such challenge by moving up-market and expanding its business in high-value segment like Super Twisted Nematic ("STN") and LCD Module ("LCM"). In particular, the LCM sales increased from $35 million to $46 million this year as a result of the strengthening of our sales channel in overseas market. For LCD business, we focus on the strategy of competing on quality, product development and servicing rather than pricing alone. The number of internationally reputable customers had grown impressively during the year. On the manufacturing side, the Group had streamlined the production facilities by consolidating two LCD factories into one during the year. The factory re-organization is expected to produce favourable results not only in enhancing production efficiency but also in strengthening the inventory control.

MAJOR ACQUISITIONS

In order to focus on the Group's core business so as to maintain its long-term viability, the management had disposed of its investment properties and certain investment securities and applied the proceeds to invest in the display product and related business. Accordingly, the Group had committed into two long-term investments during the year.

Firstly, on 29th November, 2005, the Group entered into an agreement to acquire 40% of the paid-up capital of Nantong Jianghai Capacitor Company Limited ("Nantong Jianghai") for a cash consideration of RMB40 million (equivalent to approximately HK$38 million). On even date, the Group signed a Supplemental Agreement for (i) the granting of a loan to Nantong Jianghai which amount is equal to its net asset value as at 31st December, 2004 less RMB40 million, limited to a maximum of RMB60 million; and (ii) the further subscription in the paid-up capital of Nantong Jianghai in the first half of 2006 such that the Group's interest in Nantong Jianghai would be increased from 40% to 50%, for a consideration which varies with the loan amount and the normal operating profit as reflected in the consolidated financial statements of Nantong Jianghai for the year ended 31st December, 2005 (the "Second Phase Consideration"). Further details on the Group's investment in Nantong Jianghai were set out in a circular to the Company's shareholders dated 23rd December, 2005. The Second Phase Consideration has now been fixed at RMB60 million (equivalent to approximately HK$57 million), and Nantong Jianghai is now in the process of registrating the Group's additional 10% interest therein. Nantong Jianghai is one of the leading manufacturers of aluminium electrolytic capacitors and related accessories in China. Aluminium electrolytic capacitors are used in almost all kinds of electronic products. Nantong Jianghai's customers are mainly manufacturers of consumer electronic products and industrial electronic products. The acquisition of an interest in Nantong Jianghai will enable the Group to invest in the electronic component business. It is expected that the investment would not only widen the scope of business of, but also generate satisfactory return to, the Group. Since the Group and Nantong Jianghai are both engaged in the electronic component business, each of them will, in future, be able to get access to the customers of the other.

Secondly, on 7 March, 2006, the Group entered into a bundle of agreements ("Agreements") for the setting up Kunshan Visionox Display Co. Ltd. ("Kunshan Visionox"). According to the terms of the Agreements, the Group will invest RMB190 million (equivalent to approximately HK$183 million) in Kunshan Visionox as a founding shareholder. The other two founding shareholders, Kunshan Venture Capital and Investment Company Limited ("Kunshan Venture Capital") and Shenzhen Tsinghua Leaguer Venture Capital Co., Limited ("Shenzhen Tsinghua"), will invest RMB120 million (equivalent to approximately HK$116 million) and RMB90 million (equivalent to approximately HK$87 million) respectively. Further details of the Group's investment in Kunshan Visionox were set out in a circular to the Company's shareholders dated 18th April, 2006.

It is the long-term strategy of the Group to extend its business coverage to Organic Light Emitted Display ("OLED") products. The Group's investment in Beijing Visionox Technology Co. Limited through Crown Capital Holdings Limited dated back two years ago was its initial investment in OLED undertaking and has now recompensed the Group with knowhow and capability to proceed with mass production of commercial OLED products. Jointly with Kunshan Venture Capital and Shenzhen Tsinghua, companies affiliated with the municipal government of Kunshan City in PRC and Beijing Tsinghua University respectively, the Group has set up Kunshan Visionox to design, manufacture and market commercial OLED products on a large scale. Kunshan Visionox will set up its production plant in Kunshan City of Jiangsu Province, PRC.

CHAIRMAN'S STATEMENT

PROSPECTS

Looking forward, we expect both opportunities and challenges. The Group will continue to leverage on its established worldwide market network to expand the monochrome display and LCM business. At the same time, the Group is committed to improving the production efficiency in order to maintain its competitiveness in the market.

With further investment in OLED through its investment in Kunshan Visionox, the Group is well-positioned to tapping into the color display arena and making the Group a truly one stop centre for full range of displays i.e. from monochrome to full color. From a long-term commercial viability perspective, the directors strongly believe that the move would sustain our growth and maintain our competitive edge in the display business in future.

LIQUIDITY AND CAPITAL RESOURCES

Our consolidated financial position continued to be healthy. As at 31st March, 2006, the Group's current ratio was 2.4 (2005: 4.3) and gearing ratio, as a ratio of bank borrowings to net worth, was 5% (2005: Nil).

As at 31st March, 2006, the Group had total assets of HK$806 million which were financed by liabilities of HK$181 million and shareholders' equity of HK$625 million.

The Group's borrowings are all denominated in Hong Kong dollars.

As at 31st March, 2006 the Group had banking facilities amounting to HK$202 million (2005: HK$79 million) of which HK$7 million (2005: HK$0.9 million) were utilized for bills payable and letters of credit; and HK$31.5 million for unsecured bank loan (2005: Nil). The debt maturity profile of the Group as at 31st March, 2006 was as follows:

	2006	2005
	HK$'000	*HK$'000*
Repayable within one year	**9,000**	–
Repayable after one year but within two years	**9,000**	–
Repayable after two years but within three years	**9,000**	–
Repayable after three years but within four years	**4,500**	–
	31,500	–

Subsequent to balance date, the Group further obtained banking facilities amounted to HK$50 million.

The Group did not have any material exposure to fluctuation in exchange rates.

CONTINGENT LIABILITIES AND CHARGE ON ASSETS

As at 31st March, 2006, the Group's jointly controlled entities, Nantong Jianghai Capacitor Company Limited, had guarantees amounting to RMB70,000,000 (equivalent to approximately HK$67,088,000) given to banks in respect of banking facilities granted to a third party. The Group's share of the above contingent liability as at 31st March, 2006 was RMB35,000,000 (equivalent to approximately HK$33,544,000).

Except for the above, the Group did not have any significant contingent liability and there was no charge on the Group's assets as at 31st March, 2006.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the Group's purchases and turnover attributable to major suppliers and customers were as follows:

	2006	2005
Percentage of purchases from the Group's largest supplier	**8%**	11%
Percentage of purchases from the Group's five largest suppliers	**28%**	30%
Percentage of turnover to the Group's largest customer	**4%**	4%
Percentage of turnover to the Group's five largest customers	**15%**	17%

As a result of our customer and supplier diversification, the aggregate turnover attributable to the Group's five largest customers has decreased as compared to 2005. At the same time, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers have also decreased.

As at 31st March, 2006 none of the directors, their associates, or any shareholders which to the knowledge of the directors owned more than 5% of the Company's share capital had any beneficial interest in the Group's five largest customers and/or five largest suppliers.

EMPLOYMENT AND REMUNERATION POLICY

The remuneration policy and package of the Group's employees are structured by reference to market terms and industry's practice. In addition, discretionary bonus and other individual performance are awarded to staff with reference to the financial performance of the Group and the personal performance of individual staff. Staff benefit plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

CHAIRMAN'S STATEMENT

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank all staff members for their dedication to the Group during the year and the Shareholders, valuable customers and suppliers for your continuous support.

Fang Hung, Kenneth
Chairman
17th July, 2006