



INTERIM RESULTS

The Directors of Yip's Hang Cheung (Holdings) Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2000 as follows:

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend for the financial year ending 31st March, 2001 of 2.5 cents per share, amounting to a total of HK\$12,272,000. The interim dividend will be paid on 16th January, 2001 to shareholders whose names appear on the register of members of the Company on 5th January, 2001.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 3rd January, 2001 to 5th January, 2001 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrars in Hong Kong, Secretaries Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 2nd January, 2001.

PROSPECTS

The Group anticipates that the pressure of soaring raw material cost will be reduced gradually in the second half year and, in turn, the overall profit margin of the Group will improve. In view of our increasing reliance on the PRC market, the Group will adopt appropriate measures in respect of human resources and financing arrangement to take advantage of the continuous growth of the PRC economy. We are committed to capture business opportunities for the Group for best interest for our shareholders. In all, I would like to extend my sincere gratitude to all the shareholders and staff.



LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to implement prudent financial management strategy. Increase in working capital requirement as a result of growth in turnover caused a slight increase in bank borrowings. Bank loans and overdraft denominated in Hong Kong Dollars and Renminbi were used to finance the operations of the Group. These loans are repayable within one year or on demand and carry interest at floating rates. Time deposits amounting to HK\$17,540,000 was pledged to banks to secure Renminbi bank loans. As at 30th September, 2000 gearing ratio of the Group (net debt to shareholders' funds) was 6% (there was no gearing ratio as at 31st March, 2000 as there was a net cash balance of HK\$19,330,000). Of the short term banking facilities totaling HK\$195,587,000, 20% was denominated in Renminbi and all the remaining balances were denominated in Hong Kong Dollars. Such banking facilities were drawn to the extent of HK\$156,095,000. The Group's available banking facilities and its expected cash flow from operations will provide sufficient funds to the Group to meet its present operation requirements and for the further development of its business in the foreseeable future. The Group was successful in arranging more Renminbi loans that provided a natural hedge against the currency risk of Renminbi assets and future revenue of the Group.

EMPLOYEES

As at 30th September, 2000, the Group had a total of 2,142 employees of which 169 were based in Hong Kong, 1,899 based in other provinces in the PRC and 74 based overseas. Remuneration packages of employees include salary, bonus as well as share options which are reviewed from time to time and at least annually. The Group has full time staff responsible for providing internal training and also has a training subsidy scheme to encourage employees to upgrade themselves.

PURCHASE, SALE OR REDEMPTION OF OWNED SECURITIES

Neither the Company nor any of its subsidiaries has during the period under review purchase, sold or redeemed any listed securities of the Company.