

INTERIM RESULTS

The Directors of Yue Fung International Group Holding Limited (the "Company") are pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 November 2000. The interim accounts are unaudited and, along with explanatory notes, are set out below:

Consolidated Profit and Loss Account

		Unaudited Six months ended 30 November	
		2000	1999
	Notes	HK\$'000	HK\$'000
TURNOVER	2	172,882	163,827
Cost of sales		<u>(139,312)</u>	<u>(132,053)</u>
Gross profit		33,570	31,774
Selling and distribution expenses		(1,851)	(2,278)
General and administrative expenses		<u>(8,585)</u>	<u>(11,784)</u>
PROFIT FROM OPERATING ACTIVITIES	3	23,134	17,712
Finance costs	4	<u>(5,131)</u>	<u>(4,925)</u>
PROFIT BEFORE TAXATION		18,003	12,787
Taxation	5	<u>700</u>	<u>(907)</u>
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		18,703	11,880
Retained profits at beginning of period		<u>121,463</u>	<u>101,232</u>
RETAINED PROFITS AT END OF PERIOD		<u>140,166</u>	<u>113,112</u>
EARNINGS PER SHARE – Basic	6	<u>3.3 cents</u>	<u>4.3 cents</u>

Other than the net profit for the period attributable to shareholders, the Group had no material recognised gains or losses. Accordingly, a consolidated statement of recognised gains and losses is not presented in the interim accounts.

Consolidated Balance Sheet

		Unaudited 30 November 2000 HK\$'000	Audited 31 May 2000 HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets		207,857	152,570
Investment properties		22,554	21,550
Long term investments		168,155	92,205
Deposit for long term investment		-	13,550
Development costs		2,939	1,161
		<u>401,505</u>	<u>281,036</u>
CURRENT ASSETS			
Inventories		74,570	67,305
Accounts receivable	7	28,000	28,989
Prepayments, deposits and other receivables		3,588	2,356
Deposits with banks, pledged		21,865	18,821
Cash and bank balances		10,410	20,975
		<u>138,433</u>	<u>138,446</u>
CURRENT LIABILITIES			
Accounts payable and other liabilities	8	24,248	25,994
Current portion of long term bank loans, secured		2,250	2,250
Trust receipt loans, secured		82,040	68,186
Current portion of finance lease payables		972	1,106
Bank overdrafts, secured		7,513	8,221
Tax payable		6,406	8,200
		<u>123,429</u>	<u>113,957</u>
NET CURRENT ASSETS		<u>15,004</u>	<u>24,489</u>

		Unaudited 30 November 2000 <i>Notes</i> <i>HK\$'000</i>	Audited 31 May 2000 <i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		416,509	305,525
NON-CURRENT LIABILITIES			
Long term portion of bank loans, secured		9,000	10,125
Long term portion of finance lease payables		2,964	723
Convertible note	9	20,000	-
Deferred tax		3,292	3,292
		<u>35,256</u>	<u>14,140</u>
MINORITY INTERESTS		<u>5</u>	<u>5</u>
		<u>381,248</u>	<u>291,380</u>
CAPITAL AND RESERVES			
Issued share capital	10	66,320	48,320
Reserves	11	314,928	243,060
		<u>381,248</u>	<u>291,380</u>

Consolidated Cash Flow Statement

Unaudited
Six months ended
30 November
2000
HK\$'000

Net cash inflow from operating activities	43,180
Net cash outflow from returns on investments and servicing of finance	(4,553)
Tax paid	(1,094)
Net cash outflow from investing activities	<u>(66,149)</u>
Net cash outflow before financing activities	(28,616)
Net cash inflow from financing activities	<u>26,636</u>
Decrease in cash and cash equivalents	(1,980)
Cash and cash equivalents at beginning of the period	<u>(55,432)</u>
Cash and cash equivalents at end of the period	<u><u>(57,412)</u></u>
Analysis of the balances of cash and cash equivalents	
Total cash on hand	32,275
Less: Deposits with banks, pledged	<u>(21,865)</u>
Cash and bank balance	10,410
Bank overdrafts	(7,513)
Trust receipt loans with original maturity of less than three months	<u>(60,309)</u>
	<u><u>(57,412)</u></u>

Notes:

1. Accounting Policies

The unaudited interim results for the six months ended 30 November 2000 have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and Appendix 16 of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") except that, in this first year of implementation of SSAP 25, as permitted by the Listing Rules, no comparative figures have been presented for the consolidated cash flow statement.

The accounting policies used in the preparation of the consolidated interim accounts for the six months ended 30 November 2000 are consistent with those followed in the Group's annual accounts for the year ended 31 May 2000.

2. Turnover

The Group's unaudited turnover and contribution to profit are derived predominantly from the manufacture and sale of electronic calculators and other electronic products.

	Turnover		Contribution to profit after finance costs	
	Six months ended 30 November		Six months ended 30 November	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By geographical area:				
The United States of America	98,542	44,233	11,025	4,653
Europe	46,670	37,680	4,713	3,843
The People's Republic of China – Hong Kong	12,447	67,801	930	3,746
Others	15,223	14,113	1,335	545
	<u>172,882</u>	<u>163,827</u>	<u>18,003</u>	<u>12,787</u>

3. Profit from operating activities

	Unaudited Six months ended 30 November	
	2000	1999
	HK\$'000	HK\$'000
Depreciation	9,150	5,250
Revaluation surplus of investment properties situated in Hong Kong	(1,004)	-
Revaluation surplus of land and buildings situated in Hong Kong	(624)	-
Interest income	(577)	(328)
	<u> </u>	<u> </u>

4. Finance costs

	Unaudited Six months ended 30 November	
	2000 HK\$'000	1999 HK\$'000
Interest on:		
Bank loans	4,833	4,772
Obligations under finance leases	298	153
	<u>5,131</u>	<u>4,925</u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the countries in which the Group operates.

	Unaudited Six months ended 30 November	
	2000 HK\$'000	1999 HK\$'000
Current		
Hong Kong	1,700	760
Overseas	-	147
Over provision in prior period	(2,400)	-
	<u>(700)</u>	<u>907</u>

6. Earnings per share

The calculation of basic earnings per share is based on the unaudited net profit attributable to shareholders for the six months ended 30 November 2000 of HK\$18,703,000 (1999: 11,880,000) and on weighted average number of 567,575,000 shares (1999: 275,166,666 shares).

7. Accounts receivable

The Group allows its trade customers with credit period normally ranging from 30 days to 90 days. The balances of account receivable, net of provisions for bad and doubtful debts, are not yet due.

8. Accounts payable and other liabilities

Credit period granted from the creditors normally ranging from 60 days to 180 days. Included in the balance is trade payables of HK\$19,558,000 (31 May 2000: HK\$19,976,000) and their ageing analysis is as follows:

	30 November 2000 HK\$'000	31 May 2000 HK\$'000
Not yet due	16,613	16,580
Overdue within two months	2,945	3,396
	<u>19,558</u>	<u>19,976</u>

9. Convertible note

Pursuant to resolutions passed at a special general meeting of members held on 3 October 2000, HK\$20,000,000 convertible note ("Note") was issued to Simply Noble Limited for cash by the Company. The Note carries a right to convert into shares of HK\$0.10 each in the issued share capital of the Company at an initial conversion price of HK\$0.16 per share, which is subject to adjustment. The Note does not carry any interest and will mature on the third anniversary of the date of the issue.

10. Issued share capital

	Unaudited 30 November 2000 HK\$'000	Audited 31 May 2000 HK\$'000
<i>Authorised:</i>		
5,000,000,000 (31 May 2000: 5,000,000,000) ordinary shares of HK\$0.10 each	<u>500,000</u>	<u>500,000</u>
<i>Issued and fully paid:</i>		
663,200,000 (31 May 2000: 483,200,000) ordinary shares of HK\$0.10 each	<u>66,320</u>	<u>48,320</u>

During the period, the following movements in share capital were recorded:

- (a) Pursuant to resolutions passed at a special general meeting of members held on 14 June 2000, a total of 120,000,000 shares were issued at an issue price of HK\$0.52 per share, as partial consideration in exchange for long term investments.
- (b) On 24 August 2000, the Company entered into an agreement with Simply Noble Limited, which agreed to subscribe for 60,000,000 new shares of the Company at a subscription price of HK\$0.15 per share each. Pursuant to directors' resolution on 7 September 2000, 60,000,000 new shares of the Company were duly allotted and issued for cash, generating a cash inflow of approximately HK\$9 million before share issuance expenses.

11. Reserves

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 May 2000 and 1 June 2000	116,795	4,802	121,463	243,060
Net profit for the period	-	-	18,703	18,703
Subscription of new shares (note 10)	3,000	-	-	3,000
Share issuance expenses	(235)	-	-	(235)
Shares issued as consideration for acquisition of equity interests in long term investments (note 10)	50,400	-	-	50,400
	<u>169,960</u>	<u>4,802</u>	<u>140,166</u>	<u>314,928</u>
At 30 November 2000	<u>169,960</u>	<u>4,802</u>	<u>140,166</u>	<u>314,928</u>

12. Liquidity and capital resources

The Group's gearing ratio which is measured on the basis of the Group's total borrowings over shareholders' equity at 30 November 2000 was 32% (31 May 2000: 31%).

As at 30 November 2000, the Group had aggregate trade facilities and overdrafts from various banks at HK\$188,100,000 of which HK\$89,553,000 had been utilized.

The Group had no other significant capital commitments and contingencies at 30 November 2000 which have not been disclosed.