



YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

ANNOUNCEMENT OF 2001 RESULTS

RESULTS

The Board of Directors of Yu Ming Investments Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2001 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	<i>Note</i>	Year ended 31st December,	
		2001	2000
		HK\$	HK\$
TURNOVER			
BANK INTEREST INCOME		10,163,019	28,678,779
INTEREST FROM DEBT SECURITIES		7,839,670	4,715,701
DIVIDEND INCOME		479,549	387,023
		18,482,238	33,781,503
SUNDRY INCOME			
LOAN INTEREST INCOME		–	28,652,304
OTHER SUNDRY INCOME		223,345	1,362,746
		223,345	30,015,050
		18,705,583	63,796,553
EXPENSES			
MANAGEMENT FEE EXPENSES		12,668,639	22,183,689
OTHER OPERATING EXPENSES		21,182,793	21,456,427
		33,851,432	43,640,116
		(15,145,849)	20,156,437
PROFIT ON DISPOSAL OF DEBT SECURITIES		19,817,983	30,866,834
PROFIT ON DISPOSAL OF OTHER INVESTMENTS		–	1,315,684
LOSS ON DISPOSAL OF INVESTMENT SECURITIES		(10,655,369)	–
PROVISION FOR DIMINUTION IN VALUE OF OTHER ASSETS		–	(370,542,702)
PROVISION FOR IMPAIRMENT OF INVESTMENT SECURITIES		(34,770,807)	(32,637,078)
PROVISION FOR DIMINUTION IN VALUE OF ASSOCIATED COMPANIES		(12,719,560)	(7,000,000)
PROVISION FOR DIMINUTION IN VALUE OF INTANGIBLE ASSETS		(4,000,000)	–
UNREALIZED LOSSES ON DEBT SECURITIES		(6,284,269)	(4,531,925)
UNREALIZED LOSSES ON OTHER INVESTMENTS		(689,750)	(1,128,250)
OPERATING LOSS		(64,447,621)	(363,501,000)

FINANCIAL EXPENSES		(663,142)	(102,248)
SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES		(12,971,689)	8,859,850
LOSS BEFORE TAXATION		(78,082,452)	(354,743,398)
TAXATION	3		
COMPANY & SUBSIDIARIES		(5,036,439)	(90,002)
ASSOCIATED COMPANIES		(8,604)	(198,016)
LOSS AFTER TAXATION		(83,127,495)	(355,031,416)
MINORITY INTERESTS		(3,515,242)	3,515,242
LOSS ATTRIBUTABLE TO SHAREHOLDERS		(86,642,737)	(351,516,174)
LOSS PER SHARE	4		
– BASIC (<i>in cents</i>)		(5.12)	(20.79)
– DILUTED (<i>in cents</i>)		N/A	(20.64)

Notes:

1. Revenue recognition

Dividend income is recognized when the right to receive payment is established. Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable. Interest from debt securities is recognized on a time proportion basis. Refer also to note 2 below for details of change in accounting policy.

2. Change in accounting policy

During the year 2001, the Group changed its accounting policy with respect to the recognition of income from debt securities. Amortisation of discount on purchase of debt securities is no longer recognized as income. The change is more appropriate to reflect the nature of our existing debt securities portfolio.

The change in accounting policy has been accounted for retrospectively. The comparative statements for 2000 have been restated to conform to the changed policy. The effect of the change in respect of the year 2000 is summarized below:

	2000		2000
	Reported	Adjustment	Restated
	previously	HK\$	HK\$
	HK\$		HK\$
Income from debt securities	40,725,554	(36,009,853)	4,715,701
Turnover	69,791,356	(36,009,853)	33,781,503
Profit on disposal of debt securities	12,758,985	18,107,849	30,866,834
Unrealized losses on debt securities	(22,433,929)	17,902,004	(4,531,925)
Loss attributable to shareholders	<u>(351,516,174)</u>	–	<u>(351,516,174)</u>

3. Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits for the year (2000: 16%).

4. Loss per share

The calculation of basic and diluted loss per share are based on the Group's loss attributable to shareholders of HK\$86,642,737 (2000: loss of HK\$351,516,174).

The basic loss per share is based on the number of ordinary shares in issue during the year amounting to 1,691,171,989 (2000: 1,691,171,989). The diluted loss per share during the year is not disclosed as the exercise of the share options outstanding at 31st December, 2001 would have no dilutive effect. The diluted loss per share for the year ended 31st December, 2000 is based on 1,702,733,778 ordinary shares which was the number of ordinary shares in issue during the year plus the weighted average of 11,561,789 ordinary shares deemed to be issued at no consideration if all outstanding share options had been exercised.

FINAL DIVIDEND

The Board of Directors has recommended a final dividend of HK2 cents per share (2000: HK2 cents per share) in respect of the year ended 31st December, 2001, totalling HK\$33,823,440 (2000: HK\$33,823,440).

The final dividend if approved at the forthcoming annual general meeting will be payable on or about 31st May, 2002 to shareholders on the register of members of the Company on 24th May, 2002.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 21st May, 2002 to Friday, 24th May, 2002, both days inclusive. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Secretaries Limited, 5th Floor, Wing On Centre, 111 Connaught Road, Central, Hong Kong, not later than 4:00 p.m. on Friday, 17th May, 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of operation

During the year under review, the Group derived most of its income from disposal of direct investments and debt securities, income from the bond portfolio, and, through some of the Group's associated companies, particularly, in Argyle Centre, a shopping mall in Mongkok.

Financial Position

During the year, the Group retains a strong liquidity and financial position, with immaterial gearing.

Operation Review

The Group's major investments are in debt securities, interests in Argyle Centre and listed securities.

Argyle Centre is a fully leased shopping mall located in a prime spot in Mongkok, the busiest shopping district in Kowloon. With stable rental income, the investment benefited from lowered interest rates as the holding is leveraged.

The debt securities portfolio of the Group generated good income and capital gain. The debt securities market was generally good during the year. The strategy of the Group is to invest in high yield fixed income instruments focusing on special situations.

Internet related companies in which the Group has invested are yet to generate satisfactory income for the Group, although some offer great potential. The Company will closely monitor their development.

During the year, the group disposed of a number of investments including vLink Global Limited and direct investments, yielding mixed results.

The Group is a substantial creditor in Tem Fat Hing Fung (Holdings) Limited ("Tem Fat"). Although the amount due has been fully written off, the Group is taking an active role in the restructuring of Tem Fat to maximize the recoverability of the amount due. A number of investors have expressed preliminary interests in investing in Tem Fat.

Most of the Group's investments are based in Hong Kong dollar and United States dollar and are therefore not exposed to foreign currency risks.

The Group's total staff costs for the year amounted to approximately HK\$532,000.

The Company has given a guarantee to a bank to secure 33 $\frac{1}{3}$ % of the outstanding indebtedness due by its associated companies, of which the Group controlled 33 $\frac{1}{3}$ % interest in each. The amount of outstanding indebtedness due by the associated companies to this bank at 31st December, 2001 was approximately HK\$452 million (at 31st December, 2000: approximately HK\$468 million).

The Company has given a guarantee to a financial institution to secure borrowing facilities available to a subsidiary in the amount not exceeding US\$15 million. The outstanding indebtedness at 31st December, 2001 amounted to approximately US\$1,928,000 (at 31st December, 2000: approximately US\$554,000).

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of its listed shares.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The 2001 Annual Report containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) will be published on the website of the Stock Exchange in due course.

By Order of the Board
Peter Lee Yip Wah
Secretary

Hong Kong, 12th April, 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at Suite 51, 5th Floor, New Henry House, 10 Ice House Street, Central, Hong Kong on Friday, 24th May, 2002 at 3:00 p.m. for the following purposes:

1. To receive and consider the financial statements and the reports of the directors and auditors for the year ended 31st December, 2001.
2. To declare a final dividend.
3. To re-elect directors and to fix the remuneration of directors.
4. To re-appoint auditors and to fix their remuneration.

By Order of the Board
Peter Lee Yip Wah
Secretary

Hong Kong, 12th April, 2002

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the share registrars of the Company, Secretaries Limited, 5th Floor, Wing On Centre, 111 Connaught Road, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The register of members will be closed from Tuesday, 21st May, 2002 to Friday, 24th May, 2002, both days inclusive. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Secretaries Limited, 5th Floor, Wing On Centre, 111 Connaught Road, Central, Hong Kong, not later than 4:00 p.m. on Friday, 17th May, 2002.

Please also refer to the published version of this announcement in the Hong Kong iMail.