



# YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

## ANNOUNCEMENT OF 2002 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, 2002 as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2002

	Year ended 31st December,	
	2002	2001
	HK\$	HK\$
	<i>Note</i>	
<b>TURNOVER</b>		
INTEREST INCOME FROM DEBT SECURITIES	8,457,644	7,839,670
BANK INTEREST INCOME	7,711,270	10,163,019
DIVIDEND INCOME	686,419	479,549
	<b>16,855,333</b>	<b>18,482,238</b>
<b>SUNDRY INCOME</b>		
LOAN INTEREST INCOME	2,242,314	–
EXCHANGE GAIN/(LOSS)	29,755,357	(1,098,282)
OTHER SUNDRY INCOME	4,100,425	223,345
	<b>36,098,096</b>	<b>(874,937)</b>
	<b>52,953,429</b>	<b>17,607,301</b>
<b>EXPENSES</b>		
MANAGEMENT FEE EXPENSES	10,768,209	12,668,639
OTHER OPERATING EXPENSES	5,990,369	20,084,511
	<b>16,758,578</b>	<b>32,753,150</b>
	<b>36,194,851</b>	<b>(15,145,849)</b>
<b>PROFIT/(LOSS) ON DISPOSAL OF INVESTMENT SECURITIES</b>	<b>38,613,890</b>	<b>(10,655,369)</b>
<b>PROFIT ON DISPOSAL OF DEBT SECURITIES</b>	<b>6,862,147</b>	<b>19,817,983</b>
<b>IMPAIRMENT OF INVESTMENT SECURITIES</b>	<b>(41,172,546)</b>	<b>(34,770,807)</b>
<b>IMPAIRMENT OF ASSOCIATED COMPANIES</b>	<b>(3,698,481)</b>	<b>(12,719,560)</b>
<b>IMPAIRMENT OF INTANGIBLE ASSETS</b>	<b>–</b>	<b>(4,000,000)</b>
<b>PROVISION FOR BAD DEBT</b>	<b>(6,200,000)</b>	<b>–</b>
<b>UNREALIZED LOSSES ON DEBT SECURITIES</b>	<b>(23,835,790)</b>	<b>(6,284,269)</b>
<b>UNREALIZED LOSSES ON OTHER INVESTMENTS</b>	<b>(1,459,300)</b>	<b>(689,750)</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>5,304,771</b>	<b>(64,447,621)</b>
<b>FINANCIAL EXPENSES</b>	<b>(380,558)</b>	<b>(663,142)</b>
<b>SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES</b>	<b>14,110,168</b>	<b>(12,971,689)</b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	<b>19,034,381</b>	<b>(78,082,452)</b>
<b>TAXATION</b>	2	
COMPANY & SUBSIDIARIES	(648,133)	(5,036,439)
ASSOCIATED COMPANIES	(57,237)	(8,604)
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>18,329,011</b>	<b>(83,127,495)</b>
<b>MINORITY INTERESTS</b>	<b>50,594</b>	<b>(3,515,242)</b>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>18,379,605</b>	<b>(86,642,737)</b>
<b>EARNINGS/(LOSS) PER SHARE</b>	3	
– BASIC	<b>1.09 cents</b>	<b>(5.12 cents)</b>
– DILUTED	<b>N/A</b>	<b>N/A</b>

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.

**2.** Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits for the year (2001: 16%).

**3. Earnings/(loss) per share**

The calculation of basic and diluted earnings/(loss) per share are based on the Group's profit attributable to shareholders of HK\$18,379,605 (2001: loss of HK\$86,642,737).

The basic earnings/(loss) per share is based on the number of ordinary shares in issue during the year amounting to 1,691,171,989 (2001: 1,691,171,989). The diluted earnings/(loss) per share during the years ended 31st December, 2002 and 31st December, 2001 are not disclosed as the exercise of the share options outstanding at 31st December, 2002 and 31st December, 2001 would have no dilutive effect.

**FINAL DIVIDEND**

The Board of Directors has recommended a final dividend of HK2 cents per share (2001: HK2 cents per share) in respect of the year ended 31st December, 2002, totalling HK\$33,823,440 (2001: HK\$33,823,440).

The final dividend if approved at the forthcoming annual general meeting will be payable on or about 30th May, 2003 to shareholders on the register of members of the Company on Friday, 23rd May, 2003.

**CLOSURE OF REGISTER OF MEMBERS**

The register of members will be closed from Monday, 19th May, 2003 to Friday, 23rd May, 2003, 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, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 16th May, 2003.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**RESULTS OF OPERATION**

During the year under review, the Group derived most of its income from foreign currency deposits, debt securities, interests and dividend, and the Group's interests 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**

During the year, the Group's major investments are Euros and USD deposits, its interests in Argyle Centre, listed securities and a portfolio of debt securities.

Argyle Centre is a fully leased shopping mall located in a prime spot in Mongkok, the busiest shopping district in Kowloon. Stable rental income benefited from low interest rates through a leveraged structure in an associated company.

The debt securities portfolio of the Group generated good income and capital gain. The unrealised loss of the debt securities was attributable to the Group's accounting policy of recording the securities at market value versus their acquisition cost. In cases where the debts are held to redemption, some or all of the unrealized losses may be written back in the year of redemption, depending on the actual redemption price.

During the year, certain write-downs were made to direct investments, including investment in a PRC education joint venture and the BOC China Fund Limited.

Innovative International (Holdings) Limited (“Innovative”), in which we invested in its convertible note, completed its debt restructuring in 2002. During the year, the group received cash from the rescuing investor and shares in Innovative as settlement of the amount due from Innovative.

The Group is a substantial creditor in Tem Fat Hing Fung (Holdings) Limited (“Tem Fat”), which has completed its restructuring exercise. The Group will receive both cash from the rescuing investor and shares in Tem Fat as settlement of debt owed by Tem Fat. The amount, however, will only be recorded in 2003 as the restructuring was only completed in 2003.

During the year, the group invested substantially in Euros, resulting in a sizeable profit from the rally of Euros during the year.

As at 31st December, 2002, 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, 2002 was approximately HK\$421 million (at 31st December, 2001: approximately HK\$452 million).

The Company has given a guarantee to a financial institution to secure borrowing facilities available to a wholly-owned subsidiary in the amount not exceeding US\$15 million. There was no outstanding indebtedness at 31st December, 2002 (at 31st December, 2001: approximately US\$1,928,000).

#### **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 2002 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, 27th March, 2003

## 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, 23rd May, 2003 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, 2002.
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, 27th March, 2003

*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, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, 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 Monday, 19th May, 2003 to Friday, 23rd May, 2003, 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, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 16th May, 2003.

Please also refer to the published version of this announcement in The Standard and China Daily.