



# YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 666)

## ANNOUNCEMENT OF 2004 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, 2004 as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2004

	Year ended 31st December,	
	2004	2003
	HK\$	HK\$
Note		
<b>TURNOVER</b>		
INTEREST INCOME FROM NON-TRADING DEBT SECURITIES	16,230,206	—
AMORTISATION OF HELD-TO –MATURITY SECURITIES	6,096,388	—
INTEREST INCOME FROM DEBT SECURITIES	550,940	3,697,106
BANK INTEREST INCOME	3,811,189	3,592,553
DIVIDEND INCOME	904,550	389,924
	<b>27,593,273</b>	<b>7,679,583</b>
<b>SUNDRY INCOME</b>		
LOAN INTEREST INCOME	1,010,139	1,036,442
NET EXCHANGE LOSS	(281,437)	(4,391,351)
OTHER SUNDRY INCOME	10,989,276	2,469,638
	<b>11,717,978</b>	<b>(885,271)</b>
	<b>39,311,251</b>	<b>6,794,312</b>
<b>EXPENSES</b>		
INCENTIVE FEE EXPENSES	—	23,463,680
MANAGEMENT FEE EXPENSES	10,214,078	9,236,394
OTHER OPERATING EXPENSES	5,491,965	5,121,372
	<b>15,706,043</b>	<b>37,821,446</b>
	<b>23,605,208</b>	<b>(31,027,134)</b>

	<b>Year ended 31st December,</b>	
	<b>2004</b>	<b>2003</b>
<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
<b>PROFIT ON DISPOSAL OF NON-TRADING DEBT SECURITIES</b>	<b>3,018,756</b>	–
<b>(LOSS)/PROFIT ON DISPOSAL OF INVESTMENT SECURITIES</b>	<b>(11,824,132)</b>	108,586,564
<b>(LOSS)/PROFIT ON DISPOSAL OF DEBT SECURITIES</b>	<b>(2,757,525)</b>	25,728,444
<b>BAD DEBT (PROVISION)/RECOVERY</b>	<b>(4,393,451)</b>	19,815,374
<b>LOSS ON DEEMED DISPOSAL OF HELD-TO-MATURITY SECURITIES</b>	<b>(1,893,848)</b>	–
<b>UNREALIZED PROFITS ON DEBT SECURITIES</b>	<b>2,808,000</b>	10,555,783
<b>PROFIT ON DISPOSAL OF OTHER INVESTMENTS</b>	–	2,421,240
<b>IMPAIRMENT OF INVESTMENT SECURITIES</b>	–	(582,062)
<b>OPERATING PROFIT</b>	<b>8,563,008</b>	135,498,209
<b>FINANCE COSTS</b>	<b>(2,305,706)</b>	(888,038)
<b>SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES</b>	<b>36,318,688</b>	3,992,343
<b>PROFIT BEFORE TAXATION</b>	<b>42,575,990</b>	138,602,514
<b>TAXATION</b>	1	
<b>COMPANY &amp; SUBSIDIARIES</b>	<b>(2,613,812)</b>	4,781,725
<b>ASSOCIATED COMPANIES</b>	<b>(584,276)</b>	16,961
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b><u>39,377,902</u></b>	<b><u>143,401,200</u></b>
<b>EARNINGS PER SHARE</b>	2	
<b>– BASIC</b>	<b><u>2.33 cents</u></b>	<b><u>8.48 cents</u></b>

*Notes:*

1. Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits for the year (2003: 17.5%).
2. **Earnings per share**  
The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$39,377,902 (2003: HK\$143,401,200) and the number of ordinary shares in issue during the year amounting to 1,691,171,989 (2003: 1,691,171,989) shares.

No diluted earnings per share is presented as the Group had no dilutive potential ordinary share.

## **FINAL DIVIDEND**

The Board of Directors have resolved not to declare a final dividend for the year ended 31st December, 2004 (2003: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members will be closed from Monday, 9th May, 2005 to Friday, 13th May, 2005, both days inclusive. In order to qualify for the attendance of the annual general meeting of the Company to be held on 13th May, 2005, 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, 6th May, 2005.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results of Operation**

Argyle Centre (a shopping mall in Mongkok) and a bond portfolio provided the bulk of the recurrent income of the Group in 2004. The tax provision made for the First Pacific convertible participating certificates was written back as the Board of Review of the Inland Revenue Department gave a ruling in our favour.

### **Operation Review**

As at 31st December, 2004, the Group's major investments were in AsiaWorld-Expo, Argyle Centre, a Hong Kong based airline, high yield bonds and equity securities.

#### *AsiaWorld-Expo*

In August 2003, the Group joined a private sector consortium ("JV") to invest with the Hong Kong Government and the Airport Authority to develop and operate AsiaWorld-Expo ("AsiaWorld"), a 66,000 sqm exhibition center located at the Hong Kong International Airport, with a capacity of expanding into a 100,000 sqm exhibition facility.

The centre is a column-free structure under one roof, with direct and exclusive MTR (Mass Transit Railway) access. It is scheduled to open in January 2006. Bookings are well into 2008, exceeding the original budget. International Telecommunication Union's (ITU) Telecom World annual convention, the world's biggest telecom show, has selected

AsiaWorld-Expo as the venue for 2006. In addition to exhibition, one of the halls is a purpose built arena that can be used for concert and entertainment events, housing up to 14,500 spectators.

The Group had 37.85% interest in JV and has a right to increase its interest in JV to 60% at cost from a connected person. That JV in turn has a 13.5% interest in AsiaWorld.

#### *Argyle Centre Shopping Mall*

The Group owns 156 shops in Argyle Centre (over 25,000 sqft). Throughout the year, occupancy rate for the shopping mall stayed at nearly 100%, with a steady growth in rental income. In 2004, the Group took advantage of the rebounded property market and disposed of 10,088 sqft of shops, significantly reducing the total borrowings of the associated company holding the shops.

#### *High Yield Bonds*

The HK\$195 mln bond portfolio had a strong performance in 2004. Our exposure in the petrochemicals, financials and consumer goods sectors have contributed to the satisfactory performance. Towards the end of last year we realized a few bonds that have appreciated to a point where further upside is limited.

#### *Airline*

The airline the Group invested in is a Hong Kong based airline. It is designated to fly to Jinan, Nanning, Wenzhou, Meixian in the PRC and Laoag in Philippines. It is presently flying scheduled services to Nanning, and scheduled chartered services to Laoag and Clark in Philippines and Siem Reap in Cambodia.

Approval is pending for routes to 10 more PRC cities. We believe the airline is on the right track to become a major regional airline based in Hong Kong serving passengers in secondary PRC cities.

### **Prospects**

AsiaWorld-Expo is expected to generate cashflow to the Group after its full year of operation in 2006 and to generate recurrent income for the long term.

The airline the Group invested in began its scheduled flight to Nanning in January 2005, marking a significant milestone. The airline is rapidly expanding both its fleet and routes.

The Group signed up a new investment in a leading cashmere garment manufacturer in the PRC in December 2004, pending completion after certain conditions precedent are fulfilled.

After an investment cycle during 2003 and 2004, the Group is substantially fully invested. The Group will closely monitor the trend of the high yield bond market and reshuffle the portfolio according to market condition.

### **Financial Position**

The Group is materially fully invested and maintains a strong financial position with immaterial gearing.

## **Foreign Exchange Exposure**

As at 31st December, 2004, most of the Group's investments are based in Hong Kong dollar and United States dollar and are therefore not exposed to significant foreign currency risks. The Group invests in Euro denominated debt securities from time to time, and it is the Group's intention to hedge the currency exposure of debt securities to an extent considered appropriate by the investment manager.

## **Guarantee**

The Company has given a guarantee to a bank to secure the outstanding indebtedness due by an associated company holding the Argyle Centre, for an amount attributable to the Group's equity interests. The amount of outstanding indebtedness due by the associated company to this bank at 31st December, 2004 was approximately HK\$68 million (at 31st December, 2003: approximately HK\$393 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 equivalent US\$15 million. The outstanding indebtedness at 31st December, 2004 was approximately Euro 4.4 million (at 31st December, 2003: approximately Euro 7.4 million).

## **Staff Costs**

The Group's total staff costs for the year amounted to approximately HK\$360,000.

## **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 2004 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 (in force prior to 31st March, 2004, which remain applicable to results announcement in respect of accounting period commencing before 1st July, 2004 under the transitional arrangement) 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, 22nd March, 2005

*As at the date of this announcement, the Board comprises nine directors of which Mr. Tony Fung Wing Cheung, Mr. Peter Fung Yiu Fai, Mr. Warren Lee Wa Lun and Mr. Li Shi Liang as executive directors; Mr. Lee Seng Hui and Mr. Peter Lee Yip Wah as non-executive directors; Mr. Ambrose So Shu Fai, Mr. Alexander Chow Yu Chun and Mr. Albert Ho as independent non-executive directors.*

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