



YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

2002 INTERIM RESULTS

RESULTS

The Board of Directors of Yu Ming Investments Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2002 as follows:

	Unaudited	
	Six months ended 30th June	
	2002	2001
		Restated
<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
TURNOVER		
INTEREST INCOME FROM DEBT SECURITIES	4,685,812	3,559,111
BANK INTEREST INCOME	4,269,494	6,197,522
DIVIDEND INCOME	200,325	177,090
	9,155,631	9,933,723
SUNDRY INCOME		
LOAN INTEREST INCOME	1,445,042	-
EXCHANGE DIFFERENCES	18,964,004	7,477
OTHER SUNDRY INCOME	79,133	98,144
	20,488,179	105,621
	29,643,810	10,039,344
EXPENSES		
MANAGEMENT FEE EXPENSES	5,820,537	7,451,888
OTHER OPERATING EXPENSES	2,413,190	14,625,440
	8,233,727	22,077,328
	21,410,083	(12,037,984)

PROFIT ON DISPOSAL OF INVESTMENT SECURITIES		613,890	14,525,923
PROFIT ON DISPOSAL OF DEBT SECURITIES		6,347,976	12,116,955
IMPAIRMENT OF INVESTMENT SECURITIES		(7,000,000)	(1,536,787)
IMPAIRMENT OF ASSOCIATED COMPANIES		(3,389,915)	–
PROVISION FOR BAD DEBT		(6,200,000)	–
UNREALIZED (LOSSES)/PROFITS ON DEBT SECURITIES		(15,467,121)	2,942,539
UNREALIZED (LOSSES)/PROFITS ON OTHER INVESTMENTS		(41,250)	180,000
OPERATING (LOSS)/PROFIT		(3,726,337)	16,190,646
FINANCIAL EXPENSES		(351,566)	(395,024)
SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES		7,887,130	(8,074,865)
PROFIT BEFORE TAXATION		3,809,227	7,720,757
TAXATION	2		
COMPANY & SUBSIDIARIES		–	(1,436,439)
ASSOCIATED COMPANIES		(22,500)	(24,162)
PROFIT AFTER TAXATION		3,786,727	6,260,156
MINORITY INTERESTS		50,594	2,646,520
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		3,837,321	8,906,676
INTERIM DIVIDEND		33,823,440	33,823,440
EARNINGS PER SHARE	3		
– BASIC (<i>in cent</i>)		0.23	0.53

Notes:

(1) Change in accounting policy

In 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 comparative statements for 2001 have been restated to conform to the changed policy. The effect of the change in respect of the period 2001 is summarized below:

	2001 Reported previously <i>HK\$</i>	Adjustment <i>HK\$</i>	2001 Restated <i>HK\$</i>
Interest income from debt securities	14,844,004	(11,284,893)	3,559,111
Turnover	21,218,616	(11,284,893)	9,933,723
Profit on disposal of debt securities	11,687,901	429,054	12,116,955
Unrealized (losses)/profits on debt securities	(7,913,300)	10,855,839	2,942,539
Profit attributable to shareholders	<u>8,906,676</u>	<u>-</u>	<u>8,906,676</u>

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

(3) Earnings per share

The calculation of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of HK\$3,837,321 (2001: HK\$8,906,676).

The basic earnings per share is based on the number of ordinary shares in issue during the period amounting to 1,691,171,989 (2001: 1,691,171,989). The diluted earnings per share during the periods ended 30th June, 2002 and 30th June, 2001 are not disclosed as the exercise of the share options outstanding at 30th June, 2002 and 30th June, 2001 would have no dilutive effect.

INTERIM DIVIDEND

The Board of Directors of the Company has declared an interim dividend for the year ending 31st December, 2002 of HK2 cents per ordinary share (2001: HK2 cents) totalling HK\$33,823,440 (2001: HK\$33,823,440) payable on or about 30th September, 2002 to shareholders on the register of members of the Company on Friday, 27th September, 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of operation

During the period under review, the Group derived most of its income from debt securities, rental income from Argyle Centre, a shopping mall in Mongkok, bank interest income and foreign exchange gains.

Financial position

During the period, the Group maintained ample liquidity and a strong financial position with immaterial gearing.

Operation review

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

Argyle Centre is a fully leased shopping mall located in a prime spot in Mongkok, the busiest shopping district in the Kowloon peninsula. With stable rental income, the investment benefited from falling interest rates in its bank borrowings.

The debt securities portfolio of the Group generated good income and capital gain. However, the debt securities market in which the Company invested was adversely affected by the corporate fraud in the United States.

Listed securities in which the Group are interested are mainly listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is still suffering the trailing effects of the internet investment craze. However, the bulk of the losses have been seen off, and the Company will closely monitor developments.

As at 30th June, 2002, the Group has approximately 50 per cent. of its bank deposits in Euros, and the rest of the Group's investments are based in Hong Kong dollar and United States dollar.

The Group's total staff costs for the six months period amounted to approximately HK\$255,000.

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 each. The amount of outstanding indebtedness due by the associated companies to this bank as at 30th June, 2002 was approximately HK\$430 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 30th June, 2002 (at 31st December, 2001: approximately US\$1,928,000).

CLOSING OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 23rd September, 2002, to Friday, 27th September, 2002, both dates inclusive. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the 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, 20th September, 2002.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with paragraph 14 of the Code of Best Practice.

The audit committee has reviewed with management the accounting principles and practice adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30th June, 2002. In carrying out this review, the audit committee has relied on the review of the Group's external auditors as well as obtaining explanations from management. At the request of the directors, the Group's external auditors have carried out a review of the unaudited interim financial review in accordance with the Statement of Auditing Standards 700 issued by the Hong Kong Society of Accountants.

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

The 2002 Interim Report containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Rules Governing the Listing of Securities on 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, 4th September, 2002

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