



YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)
(Stock Code: 666)

2004 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, 2004 as follows:

	Unaudited	
	Six months ended 30th June	
	2004	2003
	HK\$	HK\$
<i>Note</i>		
TURNOVER		
INTEREST INCOME ON HELD-TO-MATURITY SECURITIES	8,601,567	–
INTEREST INCOME ON DEBT SECURITIES	388,273	1,922,216
INTEREST INCOME ON BANK DEPOSITS	1,630,565	1,774,263
DIVIDEND INCOME	–	389,924
	10,620,405	4,086,403
OTHER INCOME		
LOAN INTEREST INCOME	949,591	447,948
NET EXCHANGE GAIN/(LOSS)	1,198,118	(393,160)
SUNDRY INCOME	155,137	2,388,231
	2,302,846	2,443,019
	12,923,251	6,529,422
EXPENSES		
MANAGEMENT FEE EXPENSES	5,107,952	4,521,984
OTHER OPERATING EXPENSES	3,426,195	4,821,063
	8,534,147	9,343,047

		Unaudited	
		Six months ended 30th June	
		2004	2003
	Note	HK\$	HK\$
		4,389,104	(2,813,625)
GAINS ON DISPOSAL OF INVESTMENT SECURITIES		4,093	26,712,776
(LOSSES)/GAINS ON DISPOSAL OF DEBT SECURITIES		(3,585,032)	12,845,387
BAD DEBT RECOVERY		-	20,901,876
UNREALIZED GAINS ON DEBT SECURITIES		1,638,000	12,829,046
UNREALIZED LOSSES ON OTHER INVESTMENTS		-	(686,800)
OPERATING PROFIT		2,446,165	69,788,660
FINANCE COSTS		(1,055,137)	(38,843)
SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES		23,356,327	5,100,195
PROFIT BEFORE TAXATION		24,747,355	74,850,012
TAXATION	1		
COMPANY & SUBSIDIARIES		(23,018)	-
ASSOCIATED COMPANIES		(1,896,552)	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<u>22,827,785</u>	<u>74,850,012</u>
INTERIM DIVIDEND		<u>-</u>	<u>-</u>
EARNINGS PER SHARE	2		
- BASIC (<i>in cents</i>)		<u>1.35</u>	<u>4.43</u>

Notes:

- (1) Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits for the period (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\$22,827,785 (2003: HK\$74,850,012) and the number of ordinary shares in issue during the period 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 shares.

INTERIM DIVIDEND

The directors have resolved not to declare an interim dividend for the period (2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

The Group derived most of its profits from investments in debt securities and the Group's interests in Argyle Centre, a shopping mall in Mongkok.

FINANCIAL POSITION

During the six months ended 30th June, 2004, the Group retains a strong liquidity and financial position, with insignificant gearing.

OPERATION REVIEW

The Group's principal business is investment. It has a broad investment mandate and can make direct investment in enterprises and joint ventures, and invest in equity or debt securities in businesses, infrastructure projects and properties.

During the period, the Group's major investments were in international bonds, investment in Argyle Centre and the International Exhibition Centre at the Hong Kong International Airport.

High Yield Bonds

The Group had a portfolio of HK\$200 million high yield bonds denominated mainly in US\$, with some denominated in Euros and British Pounds. The risk of the portfolio as a whole based on our analysis is far lower than the individual bonds themselves. The bond portfolio provides a good recurrent income for the period under review, without exposing the Group to the full credit risk of the individual bonds.

Shopping Mall

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

During the period under review, the Group took advantage of the upswing of the property market and sold some of the retail shops in Argyle Centre.

The cashflow generated reduced a significant amount of debt.

Exhibition Centre

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 the Hong Kong International Exhibition Centre (“IEC”) at the Hong Kong International Airport. AsiaWorld-Expo was adopted as the trade name of the IEC.

On completion, AsiaWorld-Expo will have 66,000 sqm of exhibition space on one level, the largest column-free exhibition facility in Hong Kong. Soft opening is expected by the end of 2005. AsiaWorld-Expo has a capacity of expanding into a 100,000 sqm exhibition facility. As at 30th June, 2004, the Group had 37.85% interest in JV and has a right until 23rd August, 2004 to increase its interest in JV to 60% at cost from a connected person. That JV in turn will have approximately 13.5% interest in AsiaWorld-Expo on completion. As at 30th June, 2004, the Group had 40% interest in the operator of the IEC.

During the period under review, AsiaWorld-Expo secured significant bookings with deposits received from both local and overseas exhibition organizers, two years ahead of its scheduled opening in 2006. International Telecommunication Union’s (ITU) Telecom World annual convention, the world’s biggest telecom show, has selected AsiaWorld-Expo as the venue for 2006.

FOREIGN CURRENCY EXPOSURE

As at 30th June, 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. While the Group also invests in Euro and British Pound denominated bonds from time to time, and it is the Group’s normal practice to hedge the currency exposure of such bonds to an extent considered appropriate by the investment manager.

STAFF COSTS

The Group's total staff costs for the period amounted to approximately HK\$160,000.

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 30th June, 2004 was approximately HK\$262 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 30th June, 2004 was approximately Euro 8.4 million (at 31st December, 2003: Euro 7.4 million).

PROSPECTS

The Group is optimistic about the prospects of the bond portfolio, Argyle Centre and AsiaWorld-Expo.

Despite interest rates are on the up trend, high yield bonds are less susceptible to rising interest rates than investment grade bonds. The value of a high yield bond is mostly affected by events relevant to its issuer, which can be difficulties of refinancing, sale of assets, finalizing a litigation, settlement of claims, mergers and acquisitions, and clarification of accounting flaws. By maintaining a well diversified high yield bond portfolio, the company is enjoying a much enhanced return relative to risk.

The recovery of retail activities in Hong Kong and the property market is expected to continue to enhance the return and value of Argyle Centre. The new cycle of rental revision started in June with an upward trend.

The location of AsiaWorld-Expo next to the Hong Kong International Airport connects it to more than 140 cities worldwide on some 75 airlines. Visa-free entry to a majority of those cities makes AsiaWorld-Expo a competitive exhibition facility in the region. While Hong Kong already enjoys a leading position in exhibition

business in the region, we believe AsiaWorld-Expo will complement Hong Kong's other exhibition facilities to continue its preeminence. This is evident with the bookings we presently have secured, which far exceeded the original estimates.

Subsequent to 30th June, 2004, the Group made a HK\$35 million investment in a convertible note issued by a Hong Kong airline, and will increase its investment in stages if the business of the airline progresses as planned.

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 practices 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, 2004. In carrying out this review, the audit committee has obtained 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 2004 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 of Hong Kong Limited ("the Stock Exchange") in force prior to 31st March, 2004 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, 11th August, 2004

As at the date of this announcement, the Board comprises eight directors and two alternate directors of which Mr. Tony Fung Wing Cheung, Mr. Peter Fung Yiu Fai, Mr. Philippe Dhamelin court, Mr. Li Shi Liang, as executive directors and Mr. Fabrice Jacob as alternate director to Mr. Philippe Dhamelin court; Mr. Lee Seng Hui as non-executive director; Mr. Ambrose So Shu Fai, Mr. Alexander Chow Yu Chun and Mr. Peter Lee Yip Wah as independent non-executive directors; and Mr. Albert Ho as alternate director to Mr. Ambrose So Shu Fai.

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