YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 666)

ANNOUNCEMENT OF 2005 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, 2005 as follows:

Consolidated income statement

for the year ended 31st December, 2005

	Notes	2005 HK$	2004 Restated HK$
Revenue	3	**35,473,390**	27,593,273
Other income			
Loan interest income		**–**	1,010,139
Sundry income		**2,120,504**	10,989,276
		2,120,504	11,999,415
		37,593,894	39,592,688
Expenses			
Management fee expenses		**11,288,498**	10,214,078
Other operating expenses		**6,469,219**	5,491,965
Net exchange loss		**1,691,290**	281,437
		19,449,007	15,987,480
		18,144,887	23,605,208
Gains on disposal/redemption of available-for-sale financial assets		**18,389,333**	–
Unrealised gains on financial assets at fair value through profit or loss		**380,250**	–
Gains on disposal of non-trading debt securities		**–**	3,018,756

	Note		
Loss on disposal of investment securities		–	(11,824,132)
Loss on disposal of debt securities		–	(2,757,525)
Bad debt provision		–	(4,393,451)
Loss on deemed disposal of held-to-maturity securities		–	(1,893,848)
Impairment of goodwill, net		**(25,101,284)**	–
Impairment of available-for-sale financial assets		**(20,228,149)**	–
Unrealised gains on debt securities		–	2,808,000
Operating (loss)/ profit		**(8,414,963)**	8,563,008
Finance costs	4	**(8,725,732)**	(2,305,706)
Share of results of:			
associates		**167,115,652**	35,734,412
jointly controlled entities		**(45,986)**	–
Profit before income tax	5	**149,928,971**	41,991,714
Income tax expense	6	**(3,223,883)**	(2,613,812)
Profit for the year		**146,705,088**	39,377,902
Attributable to:			
– Equity holders of the Company		**144,661,745**	39,377,902
– Minority interests		**2,043,343**	–
Profit for the year		**146,705,088**	39,377,902
Earnings per share			
– Basis *(in cents)*	7	**8.55**	2.33
Dividends	8	**33,823,440**	–

Consolidated balance sheet

as at 31st December, 2005

	Notes	**2005**	2004
		HK$	*HK$*
Non-current assets			
Investment property		**1,020,113,993**	–
Long term deposit		**31,478,562**	–
Interests in associates		**11,926,269**	132,888,066
Interests in jointly-controlled entities		**40,000**	60,980,881
Available-for-sale financial assets		**688,332,547**	–
Investment securities		**–**	88,807,932
Non-trading debt securities		**–**	186,707,497
Debt securities		**–**	149,488,000
		1,751,891,371	618,872,376
Current assets			
Trade and other receivables and deposits paid	9	**20,223,755**	4,468,981
Available-for-sale financial assets		**4,412,500**	–
Financial assets at fair value through profit or loss		**7,868,250**	–
Deposit on investment		**–**	58,092,974
Pledged bank fixed deposits		**16,813,031**	119,672,111
Cash and cash equivalents		**5,511,805**	7,996,629
		54,829,341	190,230,695
Current liabilities			
Other payables, accrued expenses and deposits received		**11,551,275**	837,921
Amounts due to a related company		**308,891**	339,638
Borrowings		**10,496,176**	46,270,674
Taxation payable		**26,832,724**	130,000
		49,189,066	47,578,233
Net current assets		**5,640,275**	142,652,462
Total assets less current liabilities		**1,757,531,646**	761,524,838

	Notes	**2005** *HK$*	2004 *HK$*
Non-current liabilities			
Borrowings		**475,054,574**	–
Loan from minority equity holders		**157,391,656**	–
Deposits received		**5,470,038**	–
Deferred tax liabilities		**66,878,763**	–
		704,795,031	–
Net assets		**1,052,736,615**	761,524,838
Equity			
Share capital		**169,117,199**	169,117,199
Reserves		**697,507,846**	592,407,639
Proposed final dividend		**33,823,440**	–
Equity attributable to the equity holders of the Company		**900,448,485**	761,524,838
Minority interests		**152,288,130**	–
Total equity		**1,052,736,615**	761,524,838
Net asset value per share attributable to the equity holders of the Company	10	**0.53**	0.45

Notes to the consolidated financial statements

1. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards ("HKASs") and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. Adoption of new or revised HKFRS

From 1st January, 2005, the Group has adopted the new/revised standards and interpretations of HKFRS, which are relevant to its operations. This includes the following new, revised and renamed standards:

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 17	Leases
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates

HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Interests in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments : Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments : Recognition and Measurement
HKAS 40	Investment Property
HKFRS 3	Business Combinations
HK(SIC) Int-15	Operating Leases – Incentives
HK(SIC) Int-21	Income Taxes – Recovery of Revalued Non - Depreciable Assets

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the 2004 financial statements and their presentation have been amended in accordance with HKAS 8. Due to the change in accounting policies, the 2004 comparatives contained in these financial statements differ from those published in the financial statements for the year ended 31st December, 2004.

Significant effects on current, prior or future periods arising from the first-time application of the standards listed above in respect to presentation, recognition and measurement of accounts are described in the following notes:

2.1 Adoption of HKAS 1

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures. In addition, in prior years, the Group's share of tax attributable to associates and jointly-controlled entities was presented as a component of the Group's total tax charge/(credit) in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of post-acquisition results of associates and jointly-controlled entities is presented net of the Group's share of tax attributable to associates and jointly-controlled entities respectively.

2.2 Adoption of HKAS 36, HKAS 38 and HKFRS 3

These standards stipulate a prospective change to the accounting policies.

In accordance with the provisions of HKFRS 3, goodwill is now subject only to annual testing for impairment as well as when there is indication of impairment. The Group has allocated the carrying amount of its goodwill to its cash generating units.

2.3 Adoption of HKAS 32 and HKAS 39

Prior to the adoption of HKAS 39, the Group classified its investments in securities, other than subsidiaries, associates and jointly controlled entities, as investment securities, non-trading debt securities and debt securities.

(a) Investment securities and non-trading debt securities
Investment securities and non-trading debt securities including those listed and unlisted securities which were held for non-trading purpose were stated at fair value at the balance sheet date. Changes in the fair value of individual securities were credited or debited to the investment revaluation reserve until the security was sold, or was determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, was dealt with in the income statement. Where there was objective evidence that individual investments were impaired the cumulative loss recorded in the investment revaluation reserve was taken to the income statement.

(b) Debt securities
Debt securities were carried at fair value. At each balance sheet date, the net unrealized gains or losses arising from the changes in fair value of debt securities were recognized in the income statement. Profits or losses on disposal of debt securities, representing the difference between the net sales proceeds and the carrying amounts, were recognized in the income statement as they arised.

On the adoption of HKAS 39, the Group classified its investments into the following categories: available-for-sale financial assets and financial asset at fair value through profit or loss and measured its financial assets at fair value according to the classification.

In accordance with the transitional provisions of HKAS 39, it does not permit the recognition, derecognition and measurement of financial assets and liabilities in accordance with the standard on a retrospective basis. Accordingly, any adjustment to the previous carrying amount is recognised in the opening balance of retained earnings on 1st January, 2005 and the comparative figures have not been restated.

HKAS 32 requires all disclosure and presentation rules regarding financial instruments to be applied retrospectively.

2.4 Adoption of HKAS 40 and HK (SIC) Int-21
The adoption of HKAS 40 was led to the changes in the fair value of investment properties being recorded in the income statement and the investment properties are no longer subject to depreciation where the unexpired periods of the lease are 20 years or less.

The adoption of revised HK(SIC) Int-21 has resulted in a change in the accounting policy relating to the deferred taxation of the Group's investment property. In accordance with the provision of HK(SIC) Int-21, the deferred tax liability arising from the revaluation of investment properties is measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use.

2.5 Other standards adopted

The adoption of HKAS 7, 8, 10, 12, 14, 17, 19, 21, 23, 24, 27, 28, 31, 33, 36, 37 and 38 did not result in significant alternations to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these other standards did not result in any changes to the amounts or disclosures in these financial statements.

2.6 The effect of changes in the accounting policies on consolidated balance sheet as follows:

At 1st January, 2005

	Effect on adoption HKAS 32 and HKAS 39
	HK$
Increase in available-for-sale financial assets	417,515,429
Increase in financial assets at fair value through profit or loss	7,488,000
Decrease in investment securities	(88,807,932)
Decrease in non-trading debt securities	(186,707,497)
Decrease in debt securities	(149,488,000)
Change in net assets	–

2.7 New Standards or interpretations that have been issued but are not yet effective

The Group has not early adopted the following Standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	Net Investment in a Foreign Operation[2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
HKAS 39 (Amendment)	The Fair Value Option[2]
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts[2]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[2]
HKFRS 7	Financial Instruments – Disclosures[1]
HK(IFRIC) – Int 4	Determining whether an Arrangement contains A Lease[2]
HK(IFRIC) – Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds[2]

HK (IFRIC) – Int 6	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment[3]
HK (IFRIC) – Int 7	Applying the Restatement Approach under HKAS29 Financial Reporting in Hyperinflationary Economies[4]

[1] Effective for annual periods beginning on or after 1st January, 2007
[2] Effective for annual periods beginning on or after 1st January, 2006
[3] Effective for annual periods beginning on or after 1st December, 2005
[4] Effective for annual periods beginning on or after 1st March 2006

3. Revenue

The principal activity of the Company and its subsidiaries is the holding of listed and unlisted financial investments and property investment.

	2005	2004
	HK$	*HK$*
Interest income on available-for-sale financial assets	**14,120,649**	–
Interest income on financial assets at fair value through profit or loss	**117,000**	–
Interest income on debt securities	**–**	550,940
Interest income on bank deposits	**3,148,755**	3,811,189
Interest income from non-trading debt securities	**–**	16,230,206
Amortisation of held-to-maturity securities	**–**	6,096,388
Dividend income – listed investments	**452,275**	904,550
Rental Income	**17,634,711**	–
	35,473,390	27,593,273

Segment information

By business segment for the year ended 31st December, 2005

	Property investment		Other investment		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Revenue	17,634,711	–	17,838,679	27,593,273	35,473,390	27,593,273
Segment result	35,020,570	–	(43,435,533)	8,563,008	(8,414,963)	8,563,008
Finance costs	(5,158,634)	–	(3,567,098)	(2,305,706)	(8,725,732)	(2,305,706)
Share of results of						
– jointly controlled entities	–	–	(45,986)	–	(45,986)	–
– associates	166,788,545	35,734,412	327,107	–	167,115,652	35,734,412
Profit before income tax	196,650,481	35,734,412	(46,721,510)	6,257,302	149,928,971	41,991,714
Income tax expenses	(3,158,883)	–	(65,000)	(2,613,812)	(3,223,883)	(2,613,812)
Profit for the year	193,491,598	35,734,412	(46,786,510)	3,643,490	146,705,088	39,377,902
Segment assets	1,062,755,207	–	731,999,236	615,234,124	1,794,754,443	615,234,124
Interests in associates	–	132,888,066	11,926,269	–	11,926,269	132,888,066
Interests in controlled entities	–	–	40,000	60,980,881	40,000	60,980,881
Total assets	1,062,755,207	132,888,066	743,965,505	676,215,005	1,806,720,712	809,103,071
Segment liabilities	587,226,792	–	166,757,305	47,578,233	753,984,097	47,578,233

No geographical analysis is provided as less than 10% of the consolidated income and less than 10% of the consolidated operating results of the Group are attributable to operations outside Hong Kong.

4. Finance costs

	2005	2004
	HK$	*HK$*
Interest on loan from borrowings	**8,725,732**	2,305,706

5. Profit before income tax

	2005	2004
	HK$	*HK$*
Profit before income tax is arrived at after charging:		
Staff cost (excluding directors' emoluments)	**332,000**	358,294
Net exchange loss	**1,691,290**	281,437

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the year.

	2005	2004
	HK$	*HK$*
Current tax		
Tax for the year	**221,122**	–
Under provisions in prior years	**65,000**	2,613,812
	286,122	2,613,812
Deferred tax		
Current year	**2,937,761**	–
	3,223,883	2,613,812

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$144,661,745 (2004 : HK$39,377,902) and on 1,691,171,989 (2004 : 1,691,171,989) ordinary shares in issue.

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

8. Dividends

	2005	2004
	HK$	*HK$*
Final, proposed, of HK2 cents (2004: Nil) per ordinary share	**33,823,440**	–

Note: At a meeting held on 24th March 2006, the board has recommended a final dividend of HK2 cents per ordinary share. This proposed dividend declared are not reflected as dividend payable in the financial statements until it has been approved at the annual general meeting, but will be reflected as an appropriation of retained profits for the year ending 31st December 2006.

9. Trade and other receivables and deposits paid

	2005	2004
	HK$	*HK$*
Trade receivables	**512,501**	–
Other receivables and deposits paid	**19,711,254**	4,468,981
	20,223,755	4,468,981

The following is an aged analysis of trade receivables at the balance sheet date:

	2005	2004
	HK$	*HK$*
0 - 30 days	**471,324**	–
31 - 60 days	**29,621**	–
Over 90 days	**11,556**	–
	512,501	–

10. Net asset value per share attributable to the equity holders of the Company

The calculation of net asset value per share is based on the net assets of HK$900,448,485 (2004 : HK$761,524,838) and the 1,691,171,989 (2004: HK$1,691,171,989) ordinary shares in issue as at 31st December, 2005.

DIVIDEND

The Board of Directors has recommended a final dividend of HK2 cents per share (2004: Nil) in respect of the year ended 31st December, 2005, totalling HK$33,823,440 (2004: Nil).

The final dividend if approved at the forthcoming annual general meeting will be payable on or about 6th June, 2006 to shareholders on the register of members of the Company on Wednesday, 24th May, 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Thursday, 18th May, 2006 to Wednesday, 24th May, 2006, 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, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 17th May, 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

The Group's business is investment in properties, private equity and securities. The Group's portfolio comprises high to low risk investments. The diversity aims to smoothen out the overall risk of the portfolio.

As at the end of 2005, the Group's major investments are as follows:

Investments	**Description**
AsiaWorld-Expo	The largest exhibition facility in Hong Kong
Retail Properties	Retail shops in Mongkok and Causeway Bay, the prime retail location in Kowloon and Hong Kong respectively

CR Airways Limited (“CR Airways”)	The third passenger airline in Hong Kong flying to cities in the PRC and Southern Asia
Debts and Equities	A portfolio of debts and equities
Oriental Cashmere Limited (“OCL”)	A cashmere knitwear manufacturer

During 2005, the retail property market had a strong run, registering growth in both rental and in value. Both our investments in equity and high-yield bonds reported a small profit. However, the fluctuation in the high yield bond market in 2005 has diminished the return of our bond portfolio, due to depreciation of some of our bonds. The route expansion pace of CR Airways is satisfactory. However, one should note that a start up airline is a capital intensive business that requires a relatively long development period before it can generate significant profit. OCL experienced some hiccups due to the switching of customers resulting in late orders and increased freight charges, and the unexpected result of the long anticipated lifting of textile quota in 2005.

Investment Review

As at 31st December, 2005, the Group’s major investments were in AsiaWorld-Expo, Argyle Centre, CR Airways Limited, Oriental Cashmere Limited (a cashmere manufacturer in the People’s Republic of China (the “PRC”)), high-yield bonds and equity securities.

AsiaWorld-Expo

In August 2003, the Group acquired a 37.85% interests in a private sector consortium (“JVP”) to invest with the Hong Kong Government and the Airport Authority to develop and operate AsiaWorld-Expo, a 66,000 sqm permanent exhibition center located at the Hong Kong International Airport, with a capacity of expanding into a 100,000 sqm exhibition facility. JVP owns 13.5% interests in AsiaWorld-Expo.

AsiaWorld-Expo is a column-free structure under one roof, with a dedicated Mass Transit Railway station – the “AsiaWorld-Expo Station”. The facility was officially opened in December 2005. Bookings are well into 2009, with revenue exceeding the budget originally planned at the time of our initial investment. Its world-class specifications attracted a number of major international exhibitions to relocate to Hong Kong:

1. International Telecommunication Union’s (ITU) Telecom World annual convention, the world’s biggest telecom show, will be held in December 2006. ITU has been traditionally held in Geneva before.

2. Asian Aerospace, Asia Pacific’s foremost aerospace exhibition, has selected AsiaWorld-Expo as its venue for September 2007. Asian Aerospace has been traditionally held in Singapore before.

3. China Sourcing Fairs, held previously in Shanghai, will relocate to AsiaWorld-Expo in April 2006. The fairs showcase the latest products from quality suppliers from China, Hong Kong and the rest of Asia. The China Sourcing Fairs comprise of three separate shows: Electronics & Components, Fashion Accessories and Gifts & Home Products.

In addition to exhibition, a world-class entertainment hall (named Arena) is purpose-built for concert and entertainment events which can house up to 14,500 spectators. Acclaimed local artist Ms. Chan Po Chu and international rock band Oasis already performed in the Arena.

In September 2005, with the approval of independent shareholders, we acquired an additional 22.15% interest in JVP from Yu Ming Investment Management Limited ("YMIM"), increasing the Group's interests in JVP to 60%.

Retail Properties

The Group's focuses property investment in retail space on prime location only. In 2005 the Group added two properties to its portfolio, with completion in November 2005 and February 2006.

Properties	**Status**
Argyle Centre Mongkok	The Group owns 153 shops in Argyle Centre (over 34,000 sqft), with a virtually full occupancy rate and a steady growth in rental income.
Ginza Plaza Mongkok	The Group acquired over 14,000 sqft of retail space in Ginza Plaza in November 2005, with full occupancy.
Po Wing Building Causeway Bay	The Group completed acquisition of the property in February 2006. The property represented a rare opportunity of 30,000 sqft vacant property in the heart of Causeway Bay. The Group is highly optimistic of the prospect of this property.

High-Yield Bonds

The Group has invested in high yield bonds for years, which served to provide enhanced return at times when the market was generally volatile. The risk of high yield bonds is offset partly by its high coupon rate as well as the discounted purchase price. In the past, the Group has made good return in high yield bonds.

In 2005, interest income and capital gains have more than offset the depreciation in value of our holdings, and yielded a moderate return to us. However, as we have returned to a relatively high interest rate environment, the enhancement offered by high yield bonds has diminished. In view of the exceptionally volatile market in 2005, the Group will carefully review its strategy in high yield bond and alternative debt instruments.

The Group holds 21 bonds, with exposure between HK$0.2 mln and HK$9.1 mln for each bond. The following is an analysis of the exposure in different markets and credits.

Rating Weighting of the Bonds	
B3	7.97%
Caa1	7.76%
Caa2	33.13%
Caa3	5.22%
Ca	22.29%
WR	23.63%

Industry Weighting of the Bonds	
Retail	23.83%
Auto	20.50%
Industrial	14.53%
Chemicals & Pharmaceuticals	12.63%
Entertainment	11.32%
Telecom, Media & Technology	11.55%
Utilities	3.27%
Food – Confectionary	2.37%

CR Airways

CR Airways has been expanding routes at a satisfactory price, but continues to run at an operating loss. CR Airways is flying scheduled flights to Sanya, Haikou, Nanning, Jinan, Guilin and Kunming. It is also designated the right to fly scheduled flights to Wenzhou, Meixian and Tianjin. Outside the PRC, it is also flying scheduled flights to Laoag (Philippines) and chartered services to Clark and Subic Bay (Philippines).

It is also licensed to fly to 30 PRC cities and 8 Southeast Asian cities. Once the licensed routes are designated, the potential PRC market will increase to cover a population of more than 250 million within the catchment area.

OCL

On 14th June, 2005, the Company completed its investment in 25% in OCL for HK$47,190,000. OCL is the third largest cashmere knitwear manufacturer in the PRC with a good profit in 2004. The lifting of the textile quota system did not bring about an open market as one had originally anticipated. The rush to oversupply the US and EU markets backfired and triggered the abrupt imposition of import limit in the second half of 2005. To meet the new import limit deadline, as well as the late orders placed by replacement customers, OCL incurred materially more freight cost. Together with the cost of redirecting late shipments that missed the deadline to other markets, exceptionally profit of OCL fell significantly by 90%. In this respect, impairment of goodwill was made as at 31st December, 2005.

Prospects

With the increase in retail space in prime location, the Group expects to increase both rental income and value of its properties.

AsiaWorld-Expo is particularly encouraging as a number of international organizers relocate their major international exhibitions there.

CR Airways is an investment aiming for a significant capital gain in the medium term, but where recurrent income would not be forthcoming in the first few years due to its start-up position and loss-making position.

The PRC textile industries in general experienced turbulence in 2005 as a result of the removal of textile quotas at the end of the Multifibre Agreement on 1st January, 2005. OCL is currently negotiating to acquire one of the major cashmere manufacturers in the PRC, which may or may not materialize.

Incentive Fee

The investment management agreement dated 5th March, 1997 as extended by a supplemental agreement dated 30th January, 2002 was premised on the principle that incentive fees should be paid on "realized profit". The agreement had not anticipated the recording of investment properties revaluation in the profit and loss account, as required by the new HKAS 40 "Investment Property" with effect from 1st January 2005.

For the sole purpose of computation of incentive fees, YMIM agrees to maintain the adoption of the old HKSSAP 13 "Accounting for Investment properties" in which the unrealised gain arising from the revaluation of investment properties (the "Unrealised Gain") is not dealt with in the income statement, but as movements in the investment property revaluation reserve. On the eventual disposal of the relevant investment properties, the relevant portion of the investment property revaluation reserve realised in respect of the previous valuations will be released to the income statement. As a result, the computation of the incentive fee should not take into account any Unrealised Gain recognised in the income statement but should be based on the surplus of the sale price over the acquisition costs at the time the relevant investment properties are actually disposed of.

However, as the Group already recorded an accounting profit out of property revaluation surplus in 2005, it is possible that no accounting profit would be reported even if the relevant properties were disposed of in subsequent year at a price well above its acquisition cost. In that case, an incentive fee computed on, inter alia, the basis of such "realized" disposal profit would still be payable to YMIM in the year of the disposal, irrespective of the Group's reported profit in that year.

Financial position

The Group has leveraged itself in increasing its investment in retail investment properties. As at the end of 2005, borrowing amounted to HK$485,000,000.

Foreign exchange exposure

As at 31st December, 2005, 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 the holding company of the Argyle Centre, for an amount attributable to the Group's equity interests. The amount of outstanding indebtedness due by the property holding company to this bank as at 31st December, 2005 was approximately HK$445 million (as at 31st December, 2004: approximately HK$230 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 as at 31st December, 2005 was approximately Euro 1.1 million (as at 31st December, 2004: approximately Euro 4.4 million).

Staff costs

The Group's total staff costs for the year under review amounted to approximately HK$332,000 (2004: HK$358,294).

AUDIT COMMITTEE

The Company has established an audit committee in accordance with rule 3.21 of the Listing Rules.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The audit committee has reviewed the annual results for the year ended 31st December, 2005.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, save as disclosed below, the Company has complied with the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules, throughout the accounting year.

Code Provisions B.1.1 to B.1.4

During the year, the Company had not established a remuneration committee in view of the Company's simple structure and low staff cost (since the Company is being managed by its investment manager pursuant to the terms of written management agreement approved by the shareholders). The Board has re-considered and approved establishment of a remuneration committee on 24th March, 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the year.

By Order of the Board
Peter Lee Yip Wah
Secretary

Hong Kong, 24th March, 2006

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.