



YU MING INVESTMENTS LIMITED

禹銘投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 666)

2008 INTERIM RESULTS ANNOUNCEMENT

RESULTS

The Board of Directors of Yu Ming Investments Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2008 as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

		Unaudited Six months ended 30th June,	
	Notes	2008 HK\$'000	2007 HK\$'000
Continuing operations:			
Revenue	3	8,818	28,944
Other net (loss)/income	4	(163,305)	36,054
Administrative and other operating expenses		<u>(10,996)</u>	<u>(9,135)</u>
Operating (loss)/profit		(165,483)	55,863
Finance costs	6	–	(6,250)
Share of results of a jointly controlled entity		<u>–</u>	<u>1,564</u>
(Loss)/profit before income tax	7	(165,483)	51,177
Income tax expense	8	<u>–</u>	<u>–</u>
(Loss)/profit for the period from continuing operations		(165,483)	51,177
Discontinued operations:	9		
Profit for the period from discontinued operations		<u>–</u>	<u>15,516</u>
(Loss)/profit for the period		<u>(165,483)</u>	<u>66,693</u>

CONDENSED CONSOLIDATED INCOME STATEMENT (Continued)*For the six months ended 30th June, 2008*

		Unaudited	
		Six months ended	
		30th June,	
		2008	2007
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:			
– Equity holders of the Company		(165,483)	53,865
– Minority interests		–	12,828
		<hr/>	<hr/>
(Loss)/profit for the period		(165,483)	66,693
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company (<i>HK cents</i>)	10		
– Basic			
From continuing and discontinued operations		(8.85)	3.19
		<hr/> <hr/>	<hr/> <hr/>
From continuing operations		(8.85)	2.62
		<hr/> <hr/>	<hr/> <hr/>
– Diluted		N/A	N/A
		<hr/> <hr/>	<hr/> <hr/>
Dividends	11	–	–
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2008

		Unaudited	Audited
		30th June,	31st December,
		2008	2007
	<i>Notes</i>	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Available-for-sale financial assets	12	58,328	54,703
Current assets			
Other receivables		4,678	1,037
Available-for-sale financial assets	12	–	1
Financial assets at fair value through profit or loss	13	455,638	286,635
Other restricted deposit paid		67,323	24,014
Cash and cash equivalents		311,790	652,174
		839,429	963,861
Current liabilities			
Other payables and accrued expenses		24,421	21,683
Financial liabilities at fair value through profit or loss	14	49,519	3,900
Taxation payable		1,210	1,210
		75,150	26,793
Net current assets		764,279	937,068
Net assets		822,607	991,771
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		186,917	186,917
Reserves		635,690	804,854
Total equity		822,607	991,771

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information and basis of preparation

Yu Ming Investments Limited (the “Company”) is a limited liability company incorporated and domiciled in Hong Kong. The address of the Company’s registered office is Room 1901B, 19th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong and, its principal place of business is in Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Principal activities of the Company and its subsidiaries (the “Group”) include the investments in listed and unlisted financial instruments.

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated financial statements for the six months ended 30th June, 2008 were approved for issue by the Board of Directors on 29th August, 2008.

2. Summary of significant accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2007.

New and amended HKFRSs

From 1st January, 2008, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are first effective on 1st January, 2008 and relevant to the Group.

The adoption of these new and amended HKFRSs did not result in significant changes in the Group’s accounting policies.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective.

2. Summary of significant accounting policies (Continued)

New and amended HKFRSs (Continued)

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³

Notes:

¹ Effective for annual periods beginning on or after 1st January, 2009

² Effective for annual periods beginning on or after 1st July, 2009

³ Effective for annual periods beginning on or after 1st July, 2008

The Group is in the process of assessing the potential impact of these standards or interpretations but not yet in a position to determine whether these standards or interpretations will have a significant impact on how its results and financial position are prepared and presented. These standards or interpretations may result in changes in the future as to how the results and financial position are prepared and presented.

3. Revenue

The principal activities of the Group include the investments in listed and unlisted financial instruments.

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
2008	2007	2008	2007	2008	2007	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Dividend income						
– listed financial instruments	4,016	72	–	–	4,016	72
– unlisted financial instruments	–	22,752	–	–	–	22,752
Interest income from bank deposits	4,802	4,871	–	–	4,802	4,871
Interest income from available-for-sale financial assets	–	276	–	–	–	276
Interest income from financial assets at fair value through profit or loss	–	29	–	–	–	29
Interest income on accrued dividend income	–	944	–	–	–	944
Rental Income	–	–	–	38,005	–	38,005
	8,818	28,944	–	38,005	8,818	66,949

4. Other net (loss)/income

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
2008	2007	2008	2007	2008	2007	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Receipts on interests in Grand China Shares (<i>Note</i>)	30,000	-	-	-	30,000	-
(Loss)/gain on disposal/redemption of other available-for-sale financial assets	(793)	28,802	-	-	(793)	28,802
Fair value (loss)/gain on financial assets at fair value through profit or loss	(192,671)	1,755	-	-	(192,671)	1,755
Reversal of impairment of available-for-sale financial assets	-	5,000	-	-	-	5,000
Sundry income	159	497	-	4,629	159	5,126
	<u>(163,305)</u>	<u>36,054</u>	<u>-</u>	<u>4,629</u>	<u>(163,305)</u>	<u>40,683</u>

Note: On 15th April, 2008, a third party independent of the Group (the “Buyer”) entered into an agreement with a subsidiary of the Group, according to which the Buyer agreed to pay for the Group’s interests in the shares of Grand China Air Company Limited (“Grand China”) under an agreement (the “Grand China Agreement”) entered into between the Group and Grand China in June 2006 in respect of the 97,850,000 shares of Grand China (“Grand China Shares”) at a total consideration of HK\$110 million to that subsidiary. The Group received HK\$30 million non-refundable amount in cash from the Buyer during the period. The amount is recognised as income in the unaudited condensed consolidated income statement.

5. Segment information

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
	Financial instruments investment	Property investment	Financial instruments investment	Property investment	Consolidated	Consolidated
2008	2007	2008	2007	2008	2007	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue	8,818	28,944	-	38,005	8,818	66,949
Segment result	(165,483)	55,863	-	34,293	(165,483)	90,156
Finance costs	-	(6,250)	-	(17,111)	-	(23,361)
Share of results of a jointly controlled entity	-	1,564	-	-	-	1,564
(Loss)/profit before income tax	(165,483)	51,177	-	17,182	(165,483)	68,359
Income tax expense	-	-	-	(1,666)	-	(1,666)
(Loss)/profit for the period	(165,483)	51,177	-	15,516	(165,483)	66,693
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30th June,	31st December,	30th June,	31st December,	30th June,	31st December,
	2008	2007	2008	2007	2008	2007
	Continuing operations		Discontinued operations		Consolidated	
	Financial instruments investment	Property investment	Financial instruments investment	Property investment	Consolidated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities						
Segment assets	897,757	1,018,564	-	-	897,757	1,018,564
Segment liabilities	73,940	25,583	-	-	73,940	25,583
Unallocated	1,210	1,210	-	-	1,210	1,210
Total liabilities	75,150	26,793	-	-	75,150	26,793
Other information						
Capital expenditure	-	-	-	7,330	-	7,330

6. Finance costs

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
2008	2007	2008	2007	2008	2007	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Interest on bank borrowings wholly repayable within five years	-	6,250	-	17,111	-	23,361

7. (Loss)/profit before income tax

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
2008	2007	2008	2007	2008	2007	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Loss)/profit before income tax is arrived at after charging:						
Employee benefit expense (including Directors' emoluments)	1,471	813	-	322	1,471	1,135

8. Income tax expense

No Hong Kong profits tax has been provided for the six months ended 30th June, 2008 as the Group has no estimated assessable profit. Hong Kong profits tax had been provided at the rate of 17.5% on the estimated assessable profits for the six months ended 30th June, 2007.

The amount of income tax expense charged to the unaudited condensed consolidated income statement represents:

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
2008	2007	2008	2007	2008	2007	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Current tax	-	-	-	968	-	968
Deferred tax	-	-	-	698	-	698
	-	-	-	1,666	-	1,666

9. Discontinued operations

On 21st June, 2007, the Board of Directors of the Company resolved to dispose of a subsidiary, Honnex Development Limited (“Honnex”), which the Group then held 61.22% equity interests. The transaction was completed on 31st December, 2007.

Revenue and expenses, gains and losses relating to Honnex had been separately shown as a single line item on the face of the condensed consolidated income statement as “profit for the period from discontinued operations” for the six months ended 30th June, 2007.

10. (Loss)/earnings per share

Basic

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of approximately HK\$165,483,000 (2007: profit of approximately HK\$53,865,000) and on the weighted average of 1,869,172,010 (2007: 1,691,171,989) ordinary shares in issue during the period.

For continuing operations

The calculation of the basic (loss)/earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	Unaudited	
	Six months ended 30th June,	
	2008	2007
	HK\$'000	HK\$'000
(Loss)/profit for the period attributable to the equity holders of the Company for the purpose of basic (loss)/earnings per share	(165,483)	53,865
Profit for the period from discontinued operations	–	15,516
Less: Profit for the period attributable to minority interests from discontinued operations	–	(6,016)
	–	9,500
(Loss)/profit for the period attributable to the equity holders of the Company for the purpose of basic (loss)/earnings per share from continuing operations	(165,483)	44,365

Basic loss per share attributable to the equity holders of the Company for the continuing operations is HK8.85 cents per share (2007: earnings per share of HK2.62 cents per share), based on the loss for the period attributable to the equity holders of the Company from continuing operations of approximately HK\$165.5 million (2007: profit of approximately HK\$44.4 million) on the weighted average of 1,869,172,010 (2007: 1,691,171,989) ordinary shares in issue during the period.

10. (Loss)/earnings per share (Continued)

For discontinued operations

The basic earnings per share attributable to the equity holders of the Company for the discontinued operations for the six months ended 30th June, 2007 of HK0.57 cent was based on the profit for the period attributable to the equity holders of the Company from discontinued operations of approximately HK\$9.5 million and on the weighted average of 1,691,171,989 ordinary shares in issue during the six months ended 30th June, 2007.

Diluted

No diluted loss per share is calculated for the six months ended 30th June, 2008 as the exercise price of the Company's warrants was higher than the average market price of the Company's shares for the period.

No diluted earnings per share was presented for the six months ended 30th June, 2007 as the Group had no dilutive potential ordinary shares during the six months ended 30th June, 2007.

11. Dividends

At a Board meeting held on 29th August, 2008, the Board of Directors resolved not to declare an interim dividend for the period (2007: Nil).

12. Available-for-sale financial assets

	Unaudited 30th June, 2008 HK\$'000	Audited 31st December, 2007 HK\$'000
Non-current		
Listed equity securities		
– in Hong Kong	34,880	38,494
– outside Hong Kong	64	610
	34,944	39,104
Unlisted equity and debt securities	23,384	15,599
	58,328	54,703
Current		
Unlisted debt securities	–	1
	58,328	54,704
Market value of listed equity securities	34,944	39,104

13. Financial assets at fair value through profit or loss

	Unaudited 30th June, 2008 HK\$'000	Audited 31st December, 2007 HK\$'000
Equity securities		
– listed in Hong Kong	240,278	129,831
– listed outside Hong Kong	101,907	103,886
	<hr/>	<hr/>
Market value of listed equity securities	342,185	233,717
Unlisted structured financial products	65,757	–
Derivative financial instruments		
Unlisted warrants	47,696	42,597
Equity forward contracts	–	10,321
	<hr/>	<hr/>
	455,638	286,635
	<hr/> <hr/>	<hr/> <hr/>

The above financial assets are classified as held for trading.

Fair values for the listed equity and debt securities have been determined by reference to their quoted bid prices at the balance sheet date.

14. Financial liabilities at fair value through profit or loss

	Unaudited 30th June, 2008 HK\$'000	Audited 31st December, 2007 HK\$'000
Derivative financial instruments		
Listed options	1,687	3,900
Equity forward contracts	47,832	–
	<hr/>	<hr/>
	49,519	3,900
	<hr/> <hr/>	<hr/> <hr/>

At 30th June, 2008, certain equity securities held for trading listed in Hong Kong with a carrying value of HK\$5,695,000 were pledged to a financial institution as security for settlement of certain listed options.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group's major income for the six months ended 30th June, 2008 (the "2008 Interim Period") was derived from the non-refundable deposit received for the Group's interests in the shares of Grand China under the Grand China Agreement, profit from investments in financial instruments and interest income. The Group recorded a net loss of approximately HK\$165 million during the period, mainly as a result of non-cash revaluation losses of our investment portfolio.

The Group's net assets fell by 17% to HK\$823 million during the 2008 Interim Period, compared to a 21% drop in Hang Seng Index, and a 26% drop in Hang Seng China Enterprises Index over the same period.

INVESTMENT REVIEW

As at 30th June, 2008, the Group's major investments other than its cash holding were as follows:

Investments	Description
Listed Equities	A portfolio of listed shares
Equity Forward Contracts	23 equity forward contracts, the underlying stocks of which include Hong Kong Exchanges and Clearing Limited, PetroChina Company Limited, China Shenhua Energy Company Limited, China Merchants Bank Co., Ltd., Bank of China Limited, Ping An Insurance (Group) Company of China, Ltd., Bank of Communications Co., Ltd., Industrial and Commercial Bank of China Limited, HSBC Holdings plc, China Life Insurance Company Limited and New World Development Company Limited
Structured Notes	5 equity or market linked notes
Investment Funds	2 investment funds
Stock Options	Call and put options of companies listed in Hong Kong and the United States
Unlisted Warrants	60,000 warrants in J. Bridge Corp., a company listed on the 2nd Section of Tokyo Stock Exchange

The Group's portfolio of investment comprises securities in Hong Kong, United States, Malaysia, Australia, Japan, Taiwan and China. The value of our portfolio diminished significantly during the period following the downturn in the global stock markets.

On 15th April, 2008, a third party independent of the Group entered into an agreement with the Group to pay for our interests in the shares of Grand China under the Grand China Agreement at a consideration of HK\$110 million (the “2008 Agreement”). The Group received a HK\$30 million non-refundable deposit in cash from the Buyer on 15th April, 2008, with the balance of HK\$80 million payable upon completion on 16th September, 2008.

Our investment in OCL remains fully impaired as the receivable of OCL remained at an alarmingly high level. As the first half of the year is usually the low season of cashmere garment business, OCL reported a loss in the first half.

PROSPECTS

We continue to see downside risk in the stock market ahead of us. As we have ample liquidity without any debt, we will be able to take advantage of further major market adjustments, and sustain our non-cash revaluation losses.

The Group plans to originate investment in Main Board listed companies that emerge from restructuring. At present, the Group intends to invest in a suspended listed company with a prospect of a revived listing through asset injections. The proposal already has the support of the existing substantial shareholders of the listed company. The investment, if it proceeds, should be completed by the end of the year.

The completion of the 2008 Agreement in respect of our interests in the shares of Grand China is scheduled on 16th September, 2008. Upon completion, the Group would realize an additional income of approximately HK\$80 million in the second half of 2008, before expenses.

OCL’s performance is still disappointing. The Group is exploring with OCL a merger of OCL with its subcontracting partners to achieve synergy. The discussion is still at a preliminary stage.

FINANCIAL POSITION

After the disposal of its interests in investment properties and AsiaWorld-Expo in 2007, the Group has no debt. As at 30th June, 2008, the Group had cash and cash equivalents of HK\$311.79 million and net financial asset investments of approximately HK\$464.45 million. We are well positioned to explore new opportunities that are expected to generate better return for our Shareholders.

FOREIGN EXCHANGE EXPOSURE

As at 30th June, 2008, the majority of the Group’s investments was either denominated in Hong Kong dollar or United States dollar. Exposures to currency exchange rates still arise as the Group has certain investments, which are primarily denominated in Japanese Yen, Malaysian Ringgit, Australian Dollars and New Taiwan Dollars. The Group at present does not have any contracts to hedge against its foreign exchange risks. Should the Group consider its exposure and fluctuation in foreign currency justify hedging, the Group may use forward or hedging contracts to reduce the risks.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the 2008 Interim Period (2007: Nil).

GUARANTEE

The Company has given guarantees to financial institutions to secure borrowing facilities available to its wholly-owned subsidiaries in the amount not exceeding equivalent US\$40 million (as at 31st December, 2007: US\$20 million). There was no outstanding indebtedness as at 30th June, 2008 and 31st December, 2007.

STAFF COSTS

The Group's total staff costs (including Directors' emoluments) for the 2008 Interim Period amounted to approximately HK\$1.47 million (2007: HK\$1.13 million).

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 including a general review of the interim report (including unaudited interim financial results for the six months ended 30th June, 2008). 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 report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has met with the code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules, during the accounting period covered by the interim report except the following deviation:

Code provision E.1.2

The code provision E.1.2 of the CG Code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to other business commitment, Mr. Tony FUNG Wing Cheung, the ex-Chairman of the Board, was unable to attend the annual general meeting of the Company held on 23rd May, 2008. This constitutes a deviation from the code provision E.1.2 of the CG Code.

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 period.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

By order of the Board
Warren LEE Wa Lun
Managing Director

Hong Kong, 29th August, 2008

As at the date of this announcement, the Executive Directors are Mr. LEE Seng Hui (Chairman), Mr. Warren LEE Wa Lun (Managing Director) and Mr. Edwin LO King Yau; the Non-executive Directors are Mr. Arthur George DEW and Mr. Peter LEE Yip Wah; Mr. Mark WONG Tai Chun is an alternate Director to Mr. DEW; and the Independent Non-executive Directors are Mr. Ambrose SO Shu Fai, Mr. Albert HO and Ms. LAM Tak Yee.