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YU MING INVESTMENTS LIMITED
禹銘投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 666)

ANNOUNCEMENT OF 2008 RESULTS

RESULTS

The board of directors (the “Board”) 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, 2008 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2008

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000
Continuing operations:			
Revenue	3	16,546	44,466
Other net (loss)/income	4	(370,412)	87,138
Administrative and other operating expenses		<u>(22,504)</u>	<u>(36,709)</u>
Operating (loss)/profit		(376,370)	94,895
Gain on disposal of a subsidiary and a jointly controlled entity		–	16,206
Finance costs	5	–	(8,754)
Share of results of a jointly controlled entity		<u>–</u>	<u>1,750</u>
(Loss)/profit before income tax	6	(376,370)	104,097
Income tax expense	7	<u>–</u>	<u>(1,210)</u>
(Loss)/profit for the year from continuing operations		(376,370)	102,887
Discontinued operations:			
Net result for the year from discontinued operations	3, 8	<u>–</u>	<u>61,129</u>
(Loss)/profit for the year		<u>(376,370)</u>	<u>164,016</u>

	<i>Notes</i>	2008 HK\$'000	2007 <i>HK\$'000</i>
Attributable to:			
– Equity holders of the Company		(376,370)	145,204
– Minority interests		–	18,812
		<hr/>	<hr/>
(Loss)/profit for the year		(376,370)	164,016
		<hr/> <hr/>	<hr/> <hr/>
Dividends	9	–	–
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company (HK cents)			
	10		
– Basic			
For (loss)/profit for the year		(20.14)	7.96
		<hr/> <hr/>	<hr/> <hr/>
For (loss)/profit from continuing operations		(20.14)	5.13
		<hr/> <hr/>	<hr/> <hr/>
– Diluted		N/A	N/A
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER, 2008

	Notes	2008 HK\$'000	2007 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates		–	–
Available-for-sale financial assets		75,756	54,703
Held-to-maturity investments		7,648	–
		83,404	54,703
Current assets			
Trade and other receivables and prepayment	11	77,930	1,037
Available-for-sale financial assets		–	1
Financial assets at fair value through profit or loss		305,276	286,635
Other restricted deposit paid		20,049	24,014
Cash and cash equivalents		135,159	652,174
		538,414	963,861
Current liabilities			
Other payables and accrued expenses	12	4,347	21,683
Financial liabilities at fair value through profit or loss		18,089	3,900
Taxation payable		1,210	1,210
		23,646	26,793
Net current assets		514,768	937,068
Total assets less current liabilities		598,172	991,771
Net assets		598,172	991,771
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		186,917	186,917
Reserves		411,255	804,854
Total equity		598,172	991,771
Net asset value per share attributable to the equity holders of the Company	13	0.32	0.53

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2008

	Equity attributable to equity holders of the Company						Total	Minority interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital contribution reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings/(accumulated loss) HK\$'000			
At 1st January, 2007	169,117	311,582	4,032	367	36,304	210,929	732,331	192,386	924,717
Fair value gain on available-for-sale financial assets	-	-	-	-	4,905	-	4,905	-	4,905
Realisation of revaluation surplus of available-for-sale financial assets on disposal	-	-	-	-	(28,756)	-	(28,756)	-	(28,756)
Net income recognised directly in equity	-	-	-	-	(23,851)	-	(23,851)	-	(23,851)
Profit for the year	-	-	-	-	-	145,204	145,204	18,812	164,016
Total recognised income and expense for the year	-	-	-	-	(23,851)	145,204	121,353	18,812	140,165
Disposal of subsidiaries	-	-	-	-	-	-	-	(211,198)	(211,198)
Proceeds from shares issued	33,800	189,280	-	-	-	-	223,080	-	223,080
Shares issuance expenses	-	(8,116)	-	-	-	-	(8,116)	-	(8,116)
Repurchase of shares	(16,000)	-	16,000	-	-	(76,877)	(76,877)	-	(76,877)
At 31st December, 2007	186,917	492,746*	20,032*	367*	12,453*	279,256*	991,771	-	991,771
At 1st January, 2008	186,917	492,746	20,032	367	12,453	279,256	991,771	-	991,771
Fair value loss on available-for-sale financial assets	-	-	-	-	(24,332)	-	(24,332)	-	(24,332)
Realisation of revaluation loss of available-for-sale financial assets on disposal	-	-	-	-	809	-	809	-	809
Impairment loss written-off to the income statement	-	-	-	-	6,294	-	6,294	-	6,294
Net income recognised directly in equity	-	-	-	-	(17,229)	-	(17,229)	-	(17,229)
Loss for the year	-	-	-	-	-	(376,370)	(376,370)	-	(376,370)
Total recognised income and expense for the year	-	-	-	-	(17,229)	(376,370)	(393,599)	-	(393,599)
Proceeds from shares issued [#]	-	-	-	-	-	-	-	-	-
At 31st December, 2008	186,917	492,746*	20,032*	367*	(4,776)*	(97,114)*	598,172	-	598,172

* The aggregate amount of these balances of HK\$411,255,000 (2007: HK\$804,854,000) represents the reserves in the consolidated balance sheet.

During the year, HK\$53 and HK\$121 were received for share capital and share premium respectively as a result of exercise of the Company's warrants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. Adoption of new or amended HKFRSs

2.1 From 1st January, 2008, the Group has adopted all the new and amended 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 Company’s and the Group’s accounting policies.

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

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, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 39 (Amendment)	Eligible Hedged Items ²
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate ¹
HKFRS 1 (Revised)	First-time Adoption of HKFRSs ²
HKFRS 2 (Amendment)	Share-based payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ²
HK(IFRIC) – Int 18	Transfers of Assets from Customers ⁵

Note :

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

⁴ Effective for annual periods beginning on or after 1st October, 2008

⁵ Effective for transfers received on or after 1st July, 2009

Saved as disclosed above, the HKICPA has made minor amendments to a number of HKFRSs in October 2008 as a result of the annual improvements project of the HKICPA. Unless otherwise specified, these minor amendments to HKFRSs in an annual improvements project are effective for annual periods beginning on or after 1st January, 2009.

Among these new standards and interpretations, HKAS 1 (Revised) is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 may result in new or amended disclosures. Management is in the process of identifying reportable operating segments as defined in HKFRS 8.

The Directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

3. Revenue

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

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income from available-for-sale financial assets	300	287	-	-	300	287
Interest income from financial assets at fair value through profit or loss	-	29	-	-	-	29
Interest income from held-to-maturity investments	18	-	-	-	18	-
Interest income from bank deposits	6,525	12,020	-	86	6,525	12,106
Dividend income						
- listed investments	9,703	369	-	-	9,703	369
- unlisted investments	-	30,546	-	-	-	30,546
Interest income on accrued dividend income	-	1,215	-	-	-	1,215
Rental Income	-	-	-	80,285	-	80,285
	16,546	44,466	-	80,371	16,546	124,837

Segment information

Segment information is presented by way of the Group's business segments.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments.

No geographical analysis is presented as the Group's revenue, operating results and assets in geographical segments other than Hong Kong are less than 10% of the aggregate amount of all segments.

	Continuing operations		Discontinued operations		Consolidated	
	Financial instruments		Property investment			
	investments					
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	16,546	44,466	-	80,371	16,546	124,837
Segment result	(376,370)	94,895	-	64,364	(376,370)	159,259
Gain on disposal of a subsidiary and a jointly controlled entity	-	16,206	-	36,490	-	52,696
Finance costs	-	(8,754)	-	(34,798)	-	(43,552)
Share of results of jointly controlled entity	-	1,750	-	-	-	1,750
(Loss)/profit before income tax	(376,370)	104,097	-	66,056	(376,370)	170,153
Income tax expense	-	(1,210)	-	(4,927)	-	(6,137)
(Loss)/profit for the year	(376,370)	102,887	-	61,129	(376,370)	164,016
Segment assets	621,818	1,018,564	-	-	621,818	1,018,564
Total assets	621,818	1,018,564	-	-	621,818	1,018,564
Segment liabilities	22,436	25,583	-	-	22,436	25,583
Unallocated	1,210	1,210	-	-	1,210	1,210
Total liabilities	23,646	26,793	-	-	23,646	26,793
Other information						
Capital expenditure	-	-	-	7,331	-	7,331
(Impairment)/reversal of impairment of available- for-sale financial assets	(6,294)	5,000	-	-	(6,294)	5,000
Fair value (loss)/gain on financial assets and liabilities at fair value through profit or loss	(427,325)	50,292	-	-	(427,325)	50,292

4. Other net (loss)/income

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Receipts on interests in						
Grand China Shares (<i>Note</i>)	60,000	-	-	-	60,000	-
(Loss)/gain on disposal/redemption						
of other available-for-sale						
financial assets	(793)	30,947	-	-	(793)	30,947
Fair value (loss)/gain on financial						
assets at fair value through						
profit or loss	(427,325)	50,292	-	-	(427,325)	50,292
(Impairment)/reversal of impairment						
of available-for-sale						
financial assets	(6,294)	5,000	-	-	(6,294)	5,000
Exchange (loss)/gain	(654)	402	-	-	(654)	402
Arrangement fee income	4,418	-	-	-	4,418	-
Sundry income	236	497	-	3,924	236	4,421
	(370,412)	87,138	-	3,924	(370,412)	91,062

Note:

As detailed in the Group's annual financial statements for each of the years ended 31st December, 2006 and 2007, the Group entered into an agreement with Grand China Air Company Limited ("Grand China") (the "Grand China Agreement") in 2006 and pursuant to which, among other things, the Group agreed to dispose of the 34.2% equity interest in CR Airways Limited (now known as Hong Kong Airlines Limited) (the "CR Airways") held by the Group at the consideration of HK\$190,000,000 in return for the 97,850,000 shares of Grand China of RMB1 each at RMB2 each (the "Grand China Shares").

In connection with the execution of the Grand China Agreement, the Group agreed to (i) convert a partial principal amount approximately of HK\$62,182,000 of the CR Airways' Class A convertible debentures into 62,181,818 ordinary shares of HK\$1 each of CR Airways (the "Converted Shares"), which represented 34.22% of the equity holdings in CR Airways, and to dispose of the Converted Shares to Grand China in return for 97,850,000 shares of RMB1 each of Grand China; (ii) waive its remaining investments in CR Airways' Class A, Class C and Class D convertible debentures in the aggregate amount approximately of HK\$111,152,000 (the "Remaining Debentures"); (iii) waive all its rights in relation to the entire principal amount and accrued interest of promissory note approximately of HK\$16,667,000 (the "Promissory Note") due from Mr Yip Kwong ("Mr Yip"), shareholder of CR Airways and (iv) waive the option granted by a company wholly owned by Mr Yip to purchase its interests in CR Airways (the "Option Shares").

In June 2006, the Group completed the transfer of the Converted Shares to Grand China and waived the Remaining Debentures, Promissory Note and Option Shares (the transferred Converted Shares and waived assets collectively referred to as the "CR Airways Financial Assets"). However, in the same year, the Group was informed by Grand China that Grand China encountered difficulty in registration of the Grand China Shares. The Group also experienced difficulties in negotiating with Grand China.

In view of the title uncertainty and the lack of cooperation from Grand China, the Group did not recognise the Grand China Shares and made a decision to derecognise the CR Airways Financial Assets during the year ended 31st December, 2006. As a result of the derecognition of the CR Airways Financial Assets and the failure to recognise the Grand China Shares, the carrying value of the CR Airways Financial Assets in the aggregate amount of HK\$190.19 million was charged to the income statement for the year ended 31st December, 2006.

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 Grand China Shares under the Grand China Agreement at a total consideration of HK\$110 million to that subsidiary. The Group received HK\$60 million non-refundable amount in cash from the Buyer during the year. The amount is recognised as income in the consolidated income statement for the year ended 31st December, 2008.

5. Finance costs

	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	-	8,095	-	34,798	-	42,893
Interest on other borrowings	-	659	-	-	-	659
	<u>-</u>	<u>8,754</u>	<u>-</u>	<u>34,798</u>	<u>-</u>	<u>43,552</u>

6. (Loss)/profit before income tax

	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/ (crediting):						
Employee benefit expense (including Directors’ remuneration)	3,116	3,580	-	770	3,116	4,350
Management fee	11,640	13,343	-	-	11,640	13,343
Performance fee	-	12,208	-	-	-	12,208
Outgoings in respect of investment properties	-	-	-	7,973	-	7,973
Rental income from investment properties less direct outgoings of Nil (2007: HK\$7,973,000)	-	-	-	(72,312)	-	(72,312)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,312)</u>	<u>-</u>	<u>(72,312)</u>

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2007 : 17.5%) on the estimated assessable profits for the year.

	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	-	1,210	-	3,516	-	4,726
Deferred tax	-	-	-	1,411	-	1,411
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total income tax expense	-	1,210	-	4,927	-	6,137
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8. Discontinued operations

On 21st June, 2007, the Board of the Company resolved to dispose of a subsidiary, Honnex Development Limited (“Honnex”), which the Group held 61.22% equity interests. It initially acquired the shares of Honnex in July 1997. Upon the completion of the transaction on 31st December, 2007, the Group received cash proceeds of HK\$372 million.

9. Dividends and bonus warrants

The Directors propose to preserve cash for investment activities and do not recommend any dividend for the year ended 31st December, 2008.

During the year, the Board of the Company has approved an issue of bonus warrants on the basis of one warrant for every five shares held by the shareholders whose names appear on the Register of Members on 23rd May, 2008 at a subscription price of HK\$0.33 per share with one-year term from its issuance.

10. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK\$376,370,000 (2007: earnings of HK\$145,204,000) and on the weighted average of 1,869,172,265 (2007: 1,825,308,975) ordinary shares in issue during the year.

Diluted loss per share for the year ended 31st December, 2008 was not presented as the impact of the exercise of the bonus warrants was anti-dilutive. Diluted earnings per share for the year ended 31st December, 2007, was not presented as there is no dilutive potential ordinary share.

The basic (loss)/earnings per share for continuing and discontinued operations is calculated as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Consolidated (loss)/profit for the year attributable to the equity holders of the Company for the purpose of basic (loss)/earnings per share	(376,370)	145,204
Net result for the year from discontinued operations	–	61,129
Less: Profit for the year attributable to minority interests from discontinued operations	–	(9,554)
	<u>–</u>	<u>51,575</u>
(Loss)/profit for the year attributable to the equity holders of the Company for the purpose of basic (loss)/earnings per share from continuing operations	(376,370)	93,629
	<i>HK cents</i>	<i>HK cents</i>
Basic (loss)/earnings per share attributable to equity holders of the Company for continuing and discontinued operations	(20.14)	7.96
Basic (loss)/earnings per share attributable to equity holders of the Company for the continuing operations	(20.14)	5.13
Basic earnings per share attributable to equity holders of the Company for the discontinued operations	N/A	2.83

11. Trade and other receivables and prepayment

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade receivables	58,305	–
Other receivables	19,440	1,037
Prepayment	185	–
	<hr/> 77,930 <hr/>	<hr/> 1,037 <hr/>

The ageing analysis of the trade receivables was as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within one year	58,305	–

12. Other payables and accrued expenses

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Other payables and accrued expenses	4,347	21,683

13. 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 attributable to the equity holders of the Company of HK\$598,172,000 (2007: HK\$991,771,000) and 1,869,172,517 (2007: 1,869,171,989) ordinary shares in issue as at 31st December, 2008.

DIVIDENDS AND BONUS WARRANTS

The Directors propose to preserve cash for investment activities and do not recommend any dividend for the year ended 31st December, 2008 (2007: Nil). Nevertheless, bonus warrants on the basis of one warrant for every five shares held had been issued during the year following the approval by the shareholders on 23rd May, 2008.

OVERVIEW

The Group's major income for the year ended 31st December, 2008 was derived from the non-refundable deposit received for the sale of the Group's interests in Grand China shares, gain on disposal of J. Bridge warrants, arrangement fee income for sale of shares in Rotol Singapore Limited, dividend from listed securities investments and bank deposit interest income.

The Group recorded a net operating loss of approximately HK\$376.4 million for the year ended 31st December, 2008 as compared with a net profit attributable to equity holder of approximately HK\$145.2 million in 2007. The Group has recorded realized net losses of approximately HK\$87.9 million on disposal of listed securities and an impairment loss of approximately HK\$6.3 million for certain available-for-sale investments acquired before 2007. A total net loss of approximately HK\$366.6 million (2007: profit of approximately 14.5 million) was recognized as changes in fair value in listed and unlisted securities for the year ended 31st December, 2008.

The Group's net assets fell by approximately 40% to HK\$598.2 million during 2008. This result is indeed disappointing, but for comparison, it should be noted that Hang Seng Index fell 48%, and Hang Seng China Enterprises Index lost 51% during 2008.

INVESTMENT REVIEW

As at 31st December, 2008, the Group's major investments other than its cash holding were as follows:

Investments	Description
Listed Equities	a portfolio of 39 listed shares
Equity Forward Contracts	13 equity forward contracts, the underlying stocks of which include PetroChina Company Limited, Bank of China Limited, Ping An Insurance (Group) 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	3 equity or market linked notes
Investment Funds	2 investment funds investing in Asian markets
Bonds	bonds issued by 4 companies listed in Hong Kong and overseas
Unlisted Warrants	15,000 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 2008 following the meltdown in the global stock markets.

On 15th April, 2008, a third party independent of the Group entered into an agreement with us for our interests in the Grand China Shares at a consideration of HK\$110 million (the "Grand China Air Agreement 2008"). The Group received a total of HK\$60 million non-refundable payments in cash from that third party during 2008, with the balance of HK\$50 million payable in April 2009.

Our investment in Oriental Cashmere Limited ("OCL") remains fully impaired as the receivable of OCL remained at an alarmingly high level.

PROSPECTS

We anticipated in our 2007 annual report volatility being the theme of 2008 in the stock market. However, our foresight did not immunize us from the global financial plague. Value of the Group's portfolio of equity securities and equity related forward contracts and derivatives fell significantly in 2008. Fortunately, the Group sold all its interests in properties and AsiaWorld-Expo, paying off HK\$1 billion of debts in 2007, leaving the Group with no borrowings and in a strong financial position to weather the global financial crisis.

Completion of the Grand China Air Agreement 2008 in respect of our interests in the Grand China Shares was re-scheduled to 16 April, 2009. Upon completion, the Group would realise an additional income of approximately HK\$50 million in 2009, before expenses.

The Group started to invest in corporate bonds issued by Hong Kong listed companies in December 2008, which in our view were mispriced or oversold due to the meltdown of the global credit market in 2008. Value of our bond investments have appreciated significantly in value. To-date, we have invested HK\$88.0 million in Hong Kong bonds, with a redemption value of approximately HK\$142.5 million, and a weighted average yield-to-maturity of 16.45% per annum. After a rise in the local bond market in January 2009, it currently offers very limited bargain opportunities for us. The Group will closely monitor this asset class and expect volatility ahead to create buying opportunities for us.

In the stock market, we continue to see extreme volatility ahead of us. Policy makers globally generally display a mood of anxiety, and other than those with their own agenda or propaganda, very few made firm statements about the timing of a recovery. There will be highly tempting bear market rallies that take a strong mind to resist. We will try to stay sober.

Notwithstanding the above cautiousness, the Company is an investment company listed under Chapter 21 of the Listing Rules and its purpose is to invest its funds in assets that offer good returns. In order to replenish the capital of the Company in anticipation of investment opportunities offering attractive valuations, the Board proposed a 1 for 1 rights issue to raise approximately not less than HK\$187 million, before expenses. The Board is of the opinion that with the liquidity generated from the rights issue, the Group is in a position to negotiate new investments, including opportunities that may arise in the local bond and equity market, that offer attractive terms in the present difficult market.

FINANCIAL POSITION

As at 31st December, 2008, the Group had cash and cash equivalents and other restricted deposit paid totalling HK\$155.2 million and other financial assets (net of financial liabilities) of approximately HK\$444.0 million. The Group had no borrowings and is well positioned to explore new opportunities that are expected to generate better return for our shareholders.

FOREIGN EXCHANGE EXPOSURE

As at 31st December, 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 overseas investments, which are primarily denominated in Japanese yen, Malaysian ringgit, Australian dollars, Renminbi 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.

GUARANTEE

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

STAFF COSTS

The Group's total staff costs (including Directors' emoluments) for the year ended 31st December, 2008 amounted to approximately HK\$3.1 million (2007: approximately HK\$4.3 million).

EVENT AFTER THE BALANCE SHEET DATE – THE RIGHTS ISSUE

On 14th February, 2009, the Company announced its proposals to raise approximately HK\$181.5 million, after expenses, by way of rights issue of 1,869,172,517 new ordinary shares at a subscription price of HK\$0.10 per share on the basis of one new ordinary share for every one existing ordinary share held on 24th March, 2009. Successful applicants of the new shares will receive one 2011 warrant (“2011 Warrants”) for every five new shares taken up. The new shares other than those subject to a subscription undertaking with a substantial shareholder were fully underwritten. The proposal was authorized by the shareholders at an extraordinary general meeting on 24th March, 2009.

The expected net proceeds from the rights issue of approximately HK\$181.5 million, after expenses, (and assuming no 2011 Warrants is exercised) is intended to be applied for investment purpose. The Company intends to use the proceeds to purchase bonds as well equities, and such other investments that offer attractive return.

AUDIT COMMITTEE

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group and discussed financial reporting matters, including review of annual results for the year ended 31st December, 2008. In addition, the Group engaged an external consultant, Grant Thornton Specialist Services Limited (“GTSS”) to perform an independent review of the internal controls for particular key areas of the Group’s operations for the year ended 31st December, 2008. GTSS’s report was completed and distributed to the Audit Committee and the Board for their review.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31st December, 2008, except for certain deviations which are summarised below:

1. CODE PROVISION A.2.1

Code provision A.2.1 states that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

After Mr. Lee Seng Hui resigned as Executive Director and the Chairman of the Board on 5th December, 2008, there was no Chairman of the Board and Mr. Warren Lee Wa Lun, the Managing Director of the Company, had to play the role of chairman at times of board meetings and general meetings. On 16th March, 2009, Mr. Warren Lee Wa Lun was appointed as the Chairman of the Board and ceased to act as the Managing Director of the Company. Afterwards, the Company has not appointed an individual managing director. The Company is being managed by its investment manager, Yu Ming Investment Management Limited, pursuant to the terms of the written investment management agreement.

2. CODE PROVISION E.1.2

Code provision E.1.2 states that the Chairman of the Board should 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. However, arrangements including the attendance of members of different board committees had been in place to ensure the general meeting was in order.

Further information on the Company’s corporate governance practices during the year under review will be set out in the Corporate Governance Report to be contained in the Company’s 2008 Annual Report which will be sent to the Shareholders in mid-April 2009.

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.

SCOPE OF WORK OF GRANT THORNTON

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2008 have been agreed by the Group's auditor, Grant Thornton, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be despatched to the shareholders as well as published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Peter Lee Yip Wah
Secretary

Hong Kong, 27th March, 2009

As at the date of this announcement, the Executive Directors are Mr. Warren Lee Wa Lun (Chairman), Mr. Edwin Lo King Yau and Mr. Mark Wong Tai Chun; the Non-Executive Directors are Mr. Arthur George Dew and Mr. Peter Lee Yip Wah; and the Independent Non-Executive Directors are Mr. Ambrose So Shu Fai, Mr. Albert Ho and Ms. Lam Tak Yee.