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YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 666)

MAJOR AND CONNECTED TRANSACTION PROPOSED DISPOSAL OF EQUITY INTERESTS IN HONNEX DEVELOPMENT LIMITED AND RESUMPTION OF TRADING

Financial adviser to Yu Ming Investments Limited



Yu Ming Investment Management Limited

Conditional Sale and Purchase Agreement

The Board is pleased to announce that, on 3rd July, 2007, the Vendor (a wholly-owned subsidiary of the Company) entered into the Conditional Sale and Purchase Agreement with the Purchaser, pursuant to which, subject to the condition set out in the announcement, the Vendor agreed to sell and the Purchaser agreed to acquire approximately 61.22% of the entire issued share capital of Honnex at the Consideration of HK\$372 million in cash. The Consideration represents a surplus of approximately HK\$45 million over the carrying cost of the Company. Following Completion, the Company will cease to have any interests in Honnex.

At present, the main investments of Honnex are retail properties located in Hong Kong, including Argyle Centre and Ginza Plaza in Mongkok, and timeplus in Causeway Bay.

The Purchaser is owned by Mr. Tony Fung and Mr. Peter Fung as to 75% and 25% respectively. As Mr. Tony Fung is a director of the Company, he is a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Therefore, the Conditional Sale and Purchase Agreement constitutes a connected transaction of the Company, and is subject to disclosure and approval of the Independent Shareholders by way of poll in the EGM. Since more than one of the Percentage Ratios exceed 25% but no more than 75%, the Conditional Sale and Purchase Agreement also constitutes a major transaction of the Company.

Independent Shareholders holding an aggregate of 694,191,800 Shares (representing 45.78% of the issued share capital of the Company in the hands of the Independent Shareholders) have confirmed in writing that they will vote in favour of all resolutions to be proposed at the EGM.

A circular containing, among others, further details of the Conditional Sale and Purchase Agreement, valuation reports in respect of properties held by Honnex, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee and a notice convening the EGM to be held to approve the Conditional Sale and Purchase Agreement will be despatched to the Shareholders as soon as possible.

Resumption of Trading

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 3rd July, 2007 pending the release of this announcement. The Company has applied for resumption of trading in its Shares on the Stock Exchange with effect from 9:30 a.m. on 4th July, 2007.

CONDITIONAL SALE AND PURCHASE AGREEMENT

Date

3rd July, 2007

Parties

Purchaser: Well Harvest Properties Limited (owned by Mr. Tony Fung and Mr. Peter Fung as to 75% and 25% respectively) whose principal business is property investments

Vendor: Odelon Limited (a wholly-owned subsidiary of the Company) whose principal business is investments holding

Guarantors: Mr. Fung Wing Cheung, Tony and Mr. Fung Yiu Fai, Peter

Transaction

Pursuant to the Conditional Sale and Purchase Agreement, subject to the condition as set out in this announcement, the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares. Immediately following Completion, the Company will have no equity interests in Honnex and the financial results of Honnex will be deconsolidated from the Group's accounts.

Consideration

The Consideration for the Sale Shares is HK\$372 million in cash. On 3rd July, 2007, the Purchaser paid an initial deposit of HK\$37.2 million (10% of the Consideration) to the Vendor. Within two business days after the Conditional Sale and Purchase Agreement becoming unconditional, the Purchaser shall pay a further deposit of HK\$37.2 million to the Vendor. On the Completion Date, the Purchaser shall pay the balance (HK\$297.6 million) to the Vendor.

The Consideration has been agreed by the parties after arm's length negotiations, having taken into account (i) the audited net asset value and shareholders' loan of Honnex attributable to the Company of approximately HK\$327 million as at 31st December, 2006; and (ii) the prevailing property market conditions.

Guarantors' obligation

Each of the Guarantors unconditionally, irrevocably, severally and jointly guarantees to the Vendor the punctual observance and performance by the Purchaser of all obligations of the Purchaser contained in the Conditional Sale and Purchaser Agreement.

Condition precedent

The Conditional Sale and Purchase Agreement is conditional upon the approval of the Independent Shareholders of the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder.

If the condition is not fulfilled by 31st August, 2007, none of the parties of the Conditional Sale and Purchase Agreement shall be obliged to proceed with Completion, and the initial deposit shall be returned to the Purchaser with accrued interests.

Information on Honnex

At present, Honnex is owned by the Company, an independent third party and Mr. Tony Fung as to approximately 61.22%, 28.57% and 10.21% respectively. Its main investments are retail properties located in Hong Kong, including Argyle Centre and Ginza Plaza in Mongkok, and timeplus in Causeway Bay.

The audited net asset value of Honnex as at 31st December, 2006 was approximately HK\$452 million. The (i) audited net profits of Honnex before and after taxation; and (ii) audited net profit of Honnex after taxation attributable to the Group are as follows:

<i>(HK\$'000)</i>	Year ended 31st December	
	2006	2005
Honnex's net profit before taxation	11,313	451,352
Honnex's net profit after taxation	8,619	380,831
Honnex's net profit after taxation attributable to the Group	5,277	233,162

Net profit after taxation for the year 2006 mainly generated from property rental income, while that for the year 2005 was mainly contributed by a fair value adjustment on investment properties.

Reasons for and Benefit of the Proposed Disposal

The Company is from time to time seeking a good return on its investments. It initially acquired the shares of Honnex in July 1997.

Upon Completion, the Company will receive cash proceeds of HK\$372 million, which represents a surplus of approximately HK\$45 million over the carrying cost attributable to the Group of HK\$327 million as at 31st December, 2006. The Board (excluding members of the Independent Board Committee, who will reserve their judgement after taking advice from the Independent Financial Adviser) considers that the consideration and the terms and condition of the Proposed Disposal are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Intended use of proceeds

The estimated net proceeds of HK\$371 million will be used for other investment opportunities where appropriate. The Company is invariably seeking suitable investment opportunities, which will be announced as required by the Listing Rules or where appropriate.

General

The Purchaser is owned by Mr. Tony Fung and Mr. Peter Fung. As Mr. Tony Fung is a director of the Company, he is connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Therefore, the Conditional Sale and Purchase Agreement constitutes a connected transaction of the Company, and is subject to disclosure and approval of the Independent Shareholders by way of poll in the EGM. Since more than one of the Percentage Ratios exceed 25% but no more than 75%, the Conditional Sale and Purchase Agreement also constitutes a major transaction of the Company.

Mr. Tony Fung and his associates beneficially own 168,254,258 Shares, and Mr. Peter Fung owns 6,500,000 Shares (representing approximately 9.95% and 0.38% of the issued shares capital of the Company respectively). The Board considers they, as the owners of the Purchaser, have material interests in the transaction contemplated under the Conditional Sale and Purchase Agreement and shall abstain from voting at the EGM.

To the best knowledge of the Directors, other than Mr. Tony Fung, Mr. Peter Fung and their respective associates, no other Shareholder is required to abstain from voting in the EGM.

Independent Shareholders holding an aggregate of 694,191,800 Shares (representing 45.78% of the issued share capital of the Company in the hands of the Independent Shareholders) have confirmed in writing that they will vote in favour of all resolutions to be proposed at the EGM.

A circular containing, among others, further details of the Conditional Sale and Purchase Agreement, valuation reports in respect of properties held by Honnex, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee and a notice convening the EGM to be held to approve the Conditional Sale and Purchase Agreement will be despatched to the Shareholders as soon as possible.

Information of the Company

The Company is an investment company listed under Chapter 21 of the Listing Rules. The Company principally invests in property, private equity, structured financing and listed securities.

Resumption of Trading

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 3rd July, 2007 pending the release of this announcement. The Company has applied for resumption of trading in its Shares on the Stock Exchange with effect from 9:30 a.m. on 4th July, 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associates”	shall have the same meaning as is provided in the Listing Rules
“Board”	the board of Directors
“Company”	Yu Ming Investments Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms of the Conditional Sale and Purchase Agreement
“Completion Date”	31st December, 2007, or, subject to conditions, such earlier date as notified in writing by the Purchaser to the Vendor prior to the date of completion
“Conditional Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 3rd July, 2007 entered into between the Vendor and Purchaser in relation to the Proposed Disposal
“Consideration”	HK\$372,000,000
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Conditional Sale and Purchase Agreement and the transaction contemplated thereunder
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Tony Fung and Mr. Peter Fung
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Honnex”	Honnex Development Limited, a company incorporated in Hong Kong with limited liability

“Independent Board Committee”	the independent board committee of the Company comprising Messrs. Mr. So Shu Fai, Ambrose, Mr. Chow Yu Chun, Alexander and Mr. Albert Ho, (all being independent non-executive Directors) to advise the Independent Shareholders in respect of the Conditional Sale and Purchase Agreement
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the shareholders of the Company in respect of the Conditional Sale and Purchase Agreement
“Independent Shareholders”	the Shareholders other than Mr. Tony Fung, Mr. Peter Fung and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Peter Fung”	Mr. Fung Yiu Fai, Peter, the non-executive director of the Company
“Mr. Tony Fung”	Mr. Fung Wing Cheung, Tony, the chairman of the Company
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules
“Proposed Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Conditional Sale and Purchase Agreement
“Purchaser”	Well Harvest Properties Limited (owned by Mr. Tony Fung and Mr. Peter Fung as to 75% and 25% respectively), a company incorporated in Hong Kong with limited liability
“Sale Shares”	600,000 ordinary shares of a nominal value of HK\$1.00 each in the total issued share capital of Honnex (representing approximately 61.22% of the total issued share capital)
“Shares”	issued ordinary shares in the issued share capital of the Company from time to time, of a nominal value of HK\$0.10 each
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Odelon Limited (a wholly-owned subsidiary of the Company), a company incorporated in Hong Kong with limited liability
“%”	per cent

As at the date of this announcement, the Board comprises nine directors of which Mr. Fung Wing Cheung, Tony is the chairman and executive director, Mr. Warren Lee Wa Lun is the managing director and executive director; Mr. Fung Yiu Fai, Peter, Mr. Lee Seng Hui, Mr. Kin Chan, Mr. Lee Yip Wah, Peter are the non-executive directors; and Mr. So Shu Fai, Ambrose, Mr. Chow Yu Chun, Alexander and Mr. Albert Ho are the independent non-executive directors.

By order of the board of
YU MING INVESTMENTS LIMITED
Lee Wa Lun, Warren
Managing Director

Hong Kong, 3rd July, 2007