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Yu Ming Investments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 666)

CONTINUING CONNECTED TRANSACTIONS APPOINTMENT OF YU MING INVESTMENT MANAGEMENT LIMITED AS INVESTMENT MANAGER

INTERIM AGREEMENT

The Board is pleased to announce that on 22nd June, 2007, the Company entered into the Interim Agreement with YMIM in relation to the appointment of YMIM as the Company's investment manager for the Interim Period, pending the approval of the Management Agreement by the Independent Shareholders.

MANAGEMENT AGREEMENT

On 22nd June, 2007, the Company also entered into the Management Agreement with YMIM in relation to the appointment of YMIM as the Company's investment manager for the Management Period. The Management Agreement is conditional and shall commence on the earlier of 30th September, 2007, or the date on which the Management Agreement is approved.

YMIM is a connected person of the Company and the transactions contemplated by the Interim Agreement and the Management Agreement are continuing connected transactions of the Company. In respect of the relevant Percentage Ratio, (i) the aggregate amount of the transactions contemplated under the Previous Interim Agreement and Interim Agreement falls below 2.5%, so the Interim Agreement is only subject to the reporting and announcement requirements and is exempt from the Independent Shareholders' approval requirements; and (ii) the transaction contemplated under the Management Agreement is subject to the reporting, announcement requirements and the Independent Shareholders' approval requirements, as set out in Chapter 14A of the Listing Rules.

A circular containing, among others, further details of the Management Agreement, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company, the recommendation of the Independent Board Committee and a notice convening the EGM, will be despatched to the Shareholders as soon as possible.

INTERIM AGREEMENT

The Board is pleased to announce that, on 22nd June, 2007, the Company entered into the Interim Agreement with YMIM in relation to the appointment of YMIM as the Company's investment manager for the Interim Period, immediately following the end of the Previous Interim Period on 1st July, 2007.

Principal terms

The terms of the Interim Agreement are the same as those of the Previous Interim Agreement. The Interim Agreement commences on 1st July, 2007 and terminates on the earlier of 30th September, 2007 and the date on which the Management Agreement is approved by the Independent Shareholders. The principal terms of the Interim Agreement, among others, include:

Services	YMIM shall provide investment management services and administrative services to the Company.
Remuneration	the Company shall pay YMIM in cash a management fee equal to 0.375% of the Net Asset Value on 1st July, 2007 for the services during Interim Period, which is a normal commercial term negotiated on an arm's length basis. If such Interim Period expires prior to 30th September, 2007, the management fee shall be reduced and pro-rated based on the number of days over which the Services are provided between 1st July, 2007 and 30th September, 2007. As at the date of this announcement, the Net Asset Value on 1st July, 2007 has not been determined. However, as a reference, the equivalent fee paid by the Company under the Previous Interim Agreement amounted to approximately HK\$3 million.

Reasons for entering into the Interim Agreement

The Management Agreement was signed on 22nd June, 2007, and the Independent Shareholders' approval for it is not expected to be obtained before the expiry of the Previous Interim Agreement. By entering into the Interim Agreement, the Company will ensure continuity in the provision of the management services after expiry of the Previous Interim Agreement.

MANAGEMENT AGREEMENT

On 22nd June, 2007, the Company also entered into the Management Agreement with YMIM in relation to the appointment of YMIM as the Company's investment manager for the Management Period, immediately following the Interim Period.

Principal terms

The principal terms of the Management Agreement, among others, include:

Duration	the Management Period
Services	YMIM shall provide investment management services and administrative services to the Company.
Remuneration	<i>Management fee:</i> 1.5% per annum of the Net Asset Value, calculated and payable in arrears on a quarterly basis by reference to the arithmetical average of the Net Asset Value on the last day of each calendar month during each quarter. For the period from the Commencement Date to 31st December, 2007, a pro-rated basis is adopted.

Performance fee: 20% of the amount by which the audited Net Asset Value of each year ended 31st December exceeds the High Watermark

Annual caps

The annual maximum remuneration payable by the Company to YMIM under the Management Agreement is limited as follows:

	<i>HK\$</i>
For the period from the Commencement Date to 31st December, 2007	68,744,867
For the year ended 31st December, 2008	78,890,744
For the year ended 31st December, 2009	78,890,744

The annual caps have been determined with reference to the maximum annual remuneration paid by the Company to YMIM in the past ten years ended 31st December. The annual caps comprise two parts: the management fee and the performance fee. For the management fee, a pro-rated basis (with reference to the actual number of days over which the Services are provided) is adopted. For the performance fee, reference is made to the maximum performance fee paid by the Company.

Condition of the Management Agreement

The Management Agreement is conditional upon the approval by the Independent Shareholders at the EGM. If the condition is not satisfied on or before 31st August, 2007, the Management Agreement shall lapse and none of the parties shall have any obligations and liabilities thereunder.

Reasons for entering into the Management Agreement

YMIM has provided investment management services to the Company since 5th March, 1997. The Board is of the view that continuity is important for the management of the Company.

TYPE OF TRANSACTION

YMIM, as the investment manager of the Company under the Previous Interim Agreement, is a connected person of the Company pursuant to rule 21.13 of the Listing Rules. Accordingly, the transactions contemplated by the Interim Agreement and Management Agreement are continuing connected transactions of the Company.

In respect of the relevant Percentage Ratio, (i) the aggregate amount of the transactions contemplated under the Previous Interim Agreement and Interim Agreement (fee for the Previous Interim Period; HK\$3 million; estimated maximum fee for the Interim Period: HK\$4 million) falls below 2.5%, the Interim Agreement is only subject to the reporting and announcement requirements and is exempt from the Independent Shareholders' approval requirements; and (ii) the Management Agreement is subject to the reporting, announcement requirements and the Independent Shareholders' approval by way of poll in an EGM, as set out in Chapter 14A of the Listing Rules.

VOTING ABSTENTION

Mr. Tony Fung and his associates beneficially owns 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). As YMIM is beneficially owned by Mr. Tony Fung and Mr. Peter Fung as to 75% and 25% respectively, the Board considers they have material interests in the transaction contemplated under the Management Agreement and shall abstain from voting at the EGM.

Meanwhile, YMIM is being sold to Allied Group Limited, subject to conditions including, among others, approval of the Securities and Futures Commission. Therefore, the Board also considers Allied Group Limited and its associates have material interests in the transaction contemplated under the Management 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 Allied Group Limited and their respective associates, no Shareholder is required to abstain from voting in the EGM.

VIEWS OF DIRECTORS

The Directors ((i) for the Interim Agreement, including the Independent Board Committee; (ii) for the Management Agreement, excluding the Independent Board Committee, who will reserve their judgement after taking advice from the Independent Financial Adviser) are of the view that the transactions contemplated by the Interim Agreement and the Management Agreement are (a) fair and reasonable and in the interests of the Company and the Shareholders as a whole; (b) in the ordinary and usual course of business of the Company; and (c) on normal commercial terms which have been negotiated on an arm's length basis.

INFORMATION IN RESPECT OF THE COMPANY AND YMIM

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.

YMIM provides investment management services to the Company. It also provides corporate finance services in relation to listing matters.

DEFINITIONS

“associates”	shall have the same meaning as is provided in the Listing Rules
“Board”	the board of Directors
“Commencement Date”	the earlier of 1st October, 2007, or the date on which the Management Agreement is approved by the Independent Shareholders
“Company”	Yu Ming Investments Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the main board of the Stock Exchange

“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Management Agreement
“Group”	the Company and its subsidiaries
“High Watermark”	during the term of the Management Agreement, (a) if a Performance Fee has been paid during the Management Period, the Net Asset Value of the Company as at 31st December of the year in which YMIM was entitled to a Performance Fee; or (b) if no Performance Fee has been paid, the Net Asset Value on the Commencement Date
“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
“Independent Board Committee”	the independent board committee of the Company comprising Mr. So Shu Fai, Ambrose, Mr. Chow Yu Chun, Alexander and Mr. Albert Ho, (all being independent non-executive Directors) to advise the Shareholders in respect of the Management Agreement
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Management Agreement
“Independent Shareholders”	the Shareholders other than Mr. Tony Fung, Mr. Peter Fung and Allied Group Limited and their respective associates
“Interim Agreement”	the interim investment management agreement between the Company and YMIM dated 22nd June, 2007, in relation to the provision of the Services for the Interim Period
“Interim Period”	the period from 1st July, 2007 to the earlier of 30th September, 2007, or the date on which the Management Agreement is approved
“Listing Rules”	the Rules Governing the Listing of Securities on the Exchange
“Management Agreement”	an investment management agreement proposed to be entered into between the Company and YMIM, in relation to the provision of the Services with effect from the Commencement Date, the terms of which shall be subject to approval by the Independent Shareholders

“Management Period”	The period from the Commencement Date to 31st December, 2009
“Mr. Peter Fung”	Mr. Fung Yiu Fai, Peter, the non-executive director of the Company and a substantial shareholder of YMIM
“Mr. Tony Fung”	Mr. Fung Wing Cheung, Tony, the chairman of the Company and a substantial shareholder of YMIM
“Net Asset Value”	The consolidated net asset value of the Group and its relevant subsidiaries on the basis of the valuation of the assets of the Group less its liabilities
“Percentage Ratio”	the percentage ratio under Rule 14.07 of the Listing Rules
“Previous Interim Agreement”	the interim investment management agreement between the Company and YMIM dated 31st March, 2007, in relation to the provision of the Services for the Previous Interim Period
“Previous Interim Period”	the period from 1st April, 2007 to 30th June 2007
“Services”	the services to be provided by YMIM to the Company pursuant to the Interim Agreement or Management Agreement (including certain investment management services and administrative services)
“Shares”	issued common shares in the issued share capital of the Company from time to time, of a nominal value of HK\$0.10 each
“Shareholders”	shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“YMIM”	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the Securities and Futures Ordinance
“%”	per cent

By Order of the Board
YU MING INVESTMENT LIMITED
Lee Wa Lun, Warren
Managing Director

Hong Kong, 26th June, 2007

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 and 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.