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## **YU MING INVESTMENTS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 666)

### **(1) PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES**

### **(2) CONNECTED TRANSACTION**

### **(3) RESUMPTION OF TRADING**

The Vendors are currently beneficially interested in an aggregate of 379,291,800 Shares, representing approximately 22.428 per cent. of the issued share capital of the Company as at the date of this announcement. On 25th July, 2007, the Placing Agreement was executed, pursuant to which the Vendors have agreed to place, through the Placing Agent and on a best efforts basis, up to 338,000,000 Shares to independent investors at a price of HK\$0.66 per Share. On completion of the Placing, each of the Vendors will subscribe for such number of new Shares as is equivalent to the number of Shares actually placed by them respectively pursuant to the Placing Agreement, at the same price.

The Placing Shares represent up to approximately 19.986 per cent. of the issued share capital of the Company as at the date of this announcement and up to approximately 16.657 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Placing is unconditional, but the Subscription is conditional upon fulfilment of two conditions. **The Subscription is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the Shares.**

On the basis that all the 338,000,000 Shares are placed pursuant to the Placing Agreement and 338,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, net proceeds from the Subscription of up to approximately HK\$214,000,000 (being a net placing price of approximately HK\$0.63 per Share) will be applied by the Group for general working capital purposes.

On the basis that all the 338,000,000 Shares are placed pursuant to the Placing Agreement and 338,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, the aggregate beneficial interest of the Vendors in the issued share capital of the Company will be reduced from approximately 22.428 per cent. to approximately 2.44 per cent. immediately following completion of the Placing, but will increase to approximately 18.692 per cent. immediately following completion of the Subscription.

The placing services provided by the Placing Agent under the Placing Agreement constitute a connected transaction for the Company, on the basis that the Placing Agent is a wholly-owned subsidiary of SHK (a substantial shareholder of the Company), and hence the Placing Agent is an associate of a connected person of the Company. As each of the relevant percentage ratios in respect of the placing commission payable in respect of the placing services under the Placing Agreement is less than 2.5 per cent., pursuant to Rule 14A.32 of the Listing Rules, the placing services provided by the Placing Agent under the Placing Agreement are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and are exempt from independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

Trading in the Shares on the Stock Exchange was suspended at its request with effect from 9:30 a.m. on 24th July, 2007 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:30 a.m. on 26th July, 2007.

## **PLACING OF UP TO 338,000,000 EXISTING SHARES AND SUBSCRIPTION OF UP TO 338,000,000 NEW SHARES**

### **Placing Agreement dated 25th July, 2007 made between the Vendors and the Placing Agent**

**Vendors:** The Vendors.

**Number of Placing Shares:** SHK, SHKVC (an indirect wholly-owned subsidiary of SHK) and Best Delta (a direct wholly-owned subsidiary of SHKVC and hence an indirect wholly-owned subsidiary of SHK) have agreed to place the SHK Placing Shares, the SHKVC Placing Shares and the Best Delta Placing Shares, respectively. In aggregate, the Vendors have agreed to place up to 338,000,000 Shares, representing up to approximately 19.986 per cent. of the issued share capital of the Company as at the date of this announcement and up to approximately 16.657 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Under the Placing Agreement, the Placing Agent has agreed to be appointed as placing agent to procure, on a best efforts basis, purchasers for the Placing Shares.

Further announcement will be made by the Company when the number of Placing Shares being placed out is confirmed.

The Placing Agent is one of the largest brokerage firms in Hong Kong. In view of its placing power and familiarity with the business of SHK, the Placing Agent was appointed.

**Placing price:**

HK\$0.66 per Placing Share, which was agreed after arm's length negotiations by reference to prevailing market conditions and recent price performance represents:—

- (i) a discount of approximately 7.04 per cent. to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of this announcement;
- (ii) a discount of approximately 4.90 per cent. to the average closing price of HK\$0.694 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before the date of this announcement;
- (iii) a discount of approximately 3.93 per cent. to the average closing price of HK\$0.687 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares immediately before the date of this announcement; and
- (iv) a premium of approximately 53.49 per cent. over the net asset value of HK\$0.43 per Share as stated in the audited consolidated accounts of the Company for the year ended 31st December, 2006.

**Placing commission:**

The Placing Agent will receive a placement commission of 3.5 per cent. on the gross proceeds of the Placing. The placing commission is arrived at after arm's length negotiations between the Vendors and the Placing Agent. The commission rate is determined by reference to prevailing normal commercial market rates and being one of the largest brokerage firms in Hong Kong, the commission rate imposed by the Placing Agent reflects the placing power of the Placing Agent.

The placing commission will be settled in cash, which amounts the Placing Agent is authorised to deduct from the payments to be made by it to the Vendors.

**Placees:** The Placing Shares will be placed to not less than six placees (which will be individual, corporate or institutional investors or a combination of them).

Such placees and their respective ultimate owners are all:-

- (i) independent of, and not acting in concert with, the Vendors and parties acting in concert with them; and
- (ii) independent third parties not connected with the Company or its subsidiaries or any of their respective associates, or any of the connected persons of the Company or its subsidiaries or any of their respective associates.

None of such placees is expected to become a substantial shareholder of the Company as a result of the Placing.

**Completion:** The Placing Agreement is unconditional, and completion of the Placing is expected to take place on or before 30th July, 2007.

#### **Subscription agreement dated 25th July, 2007 made between the Vendors and the Company**

**Subscriber:** The Vendors.

**Number of Subscription Shares:** Such number of new Shares, being no more than 338,000,000 Shares, as is equivalent to the number of SHK Placing Shares, SHKVC Placing Shares and Best Delta Placing Shares.

**Subscription Price:** HK\$0.66 per Subscription Share, which is the same as the placing price of the Placing Shares.

The net subscription price is HK\$0.63 being the Subscription Price less expenses for the Placing.

On 23rd July, 2007, being the day on which the terms of the Subscription were fixed, the closing price per Subscription Share was HK\$0.71 as quoted on the Stock Exchange.

**General Mandate:** The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of its shareholders passed at the annual general meeting held on 23rd May, 2007. The Company has not utilised the general mandate prior to entering into the Subscription Agreement.

**Ranking of Subscription Shares:**

The Subscription Shares will rank equally with the Shares in issue at the time of allotment and issue of the Subscription Shares.

**Use of Proceeds:**

On the basis that all the 338,000,000 Shares are placed pursuant to the Placing Agreement and 338,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, net proceeds from the Subscription of up to approximately HK\$214,000,000 will be applied by the Group for general working capital purposes.

**Conditions:**

The Subscription is conditional upon:–

- (i) the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and
- (ii) completion of the Placing.

Neither of the above conditions can be waived.

Application will be made to the Stock Exchange to grant the listing of and permission to deal in the Subscription Shares.

**The Subscription is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the Shares.**

**Completion:**

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days after the date of the Subscription Agreement, that is, on or before 8th August, 2007 (or such later date as may be agreed by the Company and the Vendors subject to compliance with the Listing Rules), failing which the Subscription will cease and terminate.

**Costs and expenses**

Subject to completion of the Subscription, the Company will bear the costs and expenses in connection with the Placing and the Subscription, which are estimated to be not more than approximately HK\$9,000,000, on the basis that all the 338,000,000 Shares are placed pursuant to the Placing Agreement and 338,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement. Any interest earned by the Vendors on the monies raised by the Placing, between the date of completion of the Placing and the date of completion of the Subscription, will be paid to the Company.

## EFFECT OF THE PLACING AND THE SUBSCRIPTION

On the basis that all the 338,000,000 Shares are placed pursuant to the Placing Agreement and 338,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, the shareholding structure of the Company immediately before completion of the Placing, immediately after completion of the Placing but before completion of the Subscription, and immediately after completion of both the Placing and the Subscription are and will be as follows:–

Name	Approximate shareholding percentage in the Company (Note 1)		
	Immediately before the Placing and the Subscription	Immediately after the Placing but before the Subscription	Immediately after the Placing and the Subscription
SHK (Note 2)	6.29	2.44	5.24
SHKVC (Note 2)	12.51	–	10.43
Best Delta (Note 2)	3.63	–	3.02
Argyle Street Management Limited	18.62	18.62	15.52
Poly (Hong Kong) Investments Limited	6.98	6.98	5.82
Fung Wing Cheung, Tony	9.95	9.95	8.29
Placees	–	19.99	16.66
Others	<u>42.02</u>	<u>42.02</u>	<u>35.02</u>
Total	100.00	100.00	100.00

Note:

- (1) The figures assume that other than the Subscription Shares, no new Shares are issued or purchased by the Company and that other than the Placing Shares, no Shares are sold or purchased by the Vendor, in each case, after the date of this announcement up to the date of completion of the Subscription.
- (2) SHKVC is an indirect wholly-owned subsidiary of SHK. Best Delta is a direct wholly-owned subsidiary of SHKVC and hence an indirect wholly-owned subsidiary of SHK. SHK is therefore beneficially interested in an aggregate of 379,291,800 Shares, representing approximately 22.428 per cent. of the issued share capital of the Company.

On the basis that all the 338,000,000 Shares are placed pursuant to the Placing Agreement and accordingly 338,000,000 new Shares are subscribed for pursuant to the Subscription Agreement, the aggregate beneficial interest of the Vendors in the issued share capital of the Company will be reduced from 22.428 approximately per cent. to 2.442 approximately per cent. immediately following completion of the Placing, but will increase to approximately 18.692 per cent. immediately following completion of the Subscription.

If completion of the Subscription does not take place, the beneficial interest of the Vendor in the issued share capital of the Company will be reduced from 22.428 approximately per cent. to 2.442 approximately per cent., but will not be increased to approximately 18.692 per cent.

## **INFORMATION ABOUT THE GROUP**

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

## **INFORMATION ABOUT THE VENDORS**

### **SHK**

SHK is a company incorporated in Hong Kong with limited liability. Its securities are listed on the Main Board of the Stock Exchange.

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are wealth management and brokerage, asset management, capital markets, consumer finance as well as principal investments.

### **SHKVC**

SHKVC is a company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned subsidiary of SHK.

The principal business activity of SHKVC is investment holding.

### **Best Delta**

Best Delta is a company incorporated in the British Virgin Islands with limited liability. It is an indirect wholly-owned subsidiary of SHK.

The principal business activity of Best Delta is investment holding.

## **INFORMATION ABOUT THE PLACING AGENT**

The Placing Agent is a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities.

The Placing Agent is a wholly-owned subsidiary of SHK (a substantial shareholder of the Company).

## **REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION**

In view of current market conditions, the Directors consider that the Placing, together with the Subscription, represents a good opportunity to raise further working capital for the Company while at the same time broadening its shareholder and capital base. On the basis that all the 338,000,000 Shares are placed pursuant to the Placing Agreement and 338,000,000 new Shares are accordingly subscribed for pursuant to the Subscription Agreement, net proceeds from the Subscription of approximately HK\$214,000,000 (being a net placing price of approximately HK\$0.63 per Share) will be applied by the Group for general working capital purposes.

The Directors believe that the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and are in the interests of the shareholders of the Company taken as a whole.

## **LISTING RULES IMPLICATIONS**

The placing services provided by the Placing Agent under the Placing Agreement constitute a connected transaction for the Company, on the basis that the Placing Agent is a wholly-owned subsidiary of SHK (a substantial shareholder of the Company), and hence the Placing Agent is an associate of a connected person of the Company. As each of the relevant percentage ratios in respect of the placing commission payable in respect of the placing services under the Placing Agreement is less than 2.5 per cent., pursuant to Rule 14A.32 of the Listing Rules, the placing services provided by the Placing Agent under the Placing Agreement are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and are exempt from independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) considered the terms of the placing services provided by the Placing Agent under the Placing Agreement, which constitute a connected transaction for the Company, are fair and reasonable and in the interest of the shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

No funds were raised by the Company on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at its request with effect from 9:30 a.m. on 24th July, 2007 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:30 a.m. on 26th July, 2007.

## **DIRECTORS**

As at the date of this announcement, the Directors are:–

### *Executive Directors:*

Mr. Fung Wing Cheung, Tony, Mr. Lee Wa Lun, Warren

### *Non-executive Directors:*

Mr. Fung Yiu Fai, Peter, Mr. Lee Seng Hui, Mr. Chan Kin, Mr. Lee Yip Wah, Peter

### *Independent non-executive Directors:*

Mr. So Shu Fai, Ambrose, Mr. Chow Yu Chun, Alexander, Mr. Albert Ho

## **DEFINITIONS**

“associates”	having the meaning ascribed to it in the Listing Rules
“Best Delta”	Best Delta International Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of SHK
“Best Delta Placing Shares”	61,298,000 Shares, representing up to approximately 3.63 per cent. of the issued share capital of the Company as at the date of this announcement and up to approximately 3.02 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.
“Company”	Yu Ming Investments Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Sun Hung Kai Investment Services Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, and an associate of a connected person of the Company, on the basis that the Placing Agent is a wholly-owned subsidiary of SHK (a substantial shareholder of the Company)
“Placing Agreement”	the placing agreement dated 25th July, 2007 made between the Vendor and the Placing Agent in relation to the Placing
“Placing Shares”	the actual number of Shares placed by the Placing Agent pursuant to the Placing Agreement, being up to 338,000,000 Shares
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange, and a non wholly-owned subsidiary of Allied Properties (H.K.) Limited
“SHK Placing Shares”	65,144,000 Shares, representing up to approximately 3.85 per cent. of the issued share capital of the Company as at the date of this announcement and up to approximately 3.21 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.
“SHKVC”	Sun Hung Kai Venture Capital Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of SHK
“SHKVC Placing Shares”	211,558,000 Shares, representing up to approximately 12.51 per cent. of the issued share capital of the Company as at the date of this announcement and up to approximately 10.43 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.
“Shares”	ordinary shares of nominal value of HK\$0.10 each in the issued share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 25th July, 2007 made between the Vendor and the Company in relation to the Subscription
“Subscription Shares”	such number of new Shares as is equivalent to the number of Placing Shares
“substantial shareholder”	having the meaning ascribed to it in the Listing Rules
“Vendors”	SHK, SHKVC and Best Delta

On behalf of the Board  
**Yu Ming Investments Limited**  
**Warren Lee**  
*Managing Director*

Hong Kong, 25th July, 2007