
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in **YU MING INVESTMENTS LIMITED**, you should at once hand this circular and the accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 666)

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES AND
TO ISSUE SHARES**

A notice convening an extraordinary general meeting of Yu Ming Investments Limited to be held at 1001, 10th Floor, AON China Building, 29 Queen's Road Central, Hong Kong on Friday, 21st May, 2004, at 3:10 p.m. (or so soon thereafter as the annual general meeting convened for the same place and date at 3:00 p.m. shall have been concluded or adjourned) is set out on pages 7 to 9 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the share registrars of the Company, Secretaries Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting. Completion and deposit of the proxy form will not preclude you from attending and voting at the meeting if you so wish.

30th March, 2004

DEFINITIONS

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

“Companies Ordinance”	the Companies Ordinance (Chapter 32) of the Laws of Hong Kong
“Company”	Yu Ming Investments Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the securities of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Extraordinary General Meeting”	extraordinary general meeting of the Company to be held at 1001, 10th Floor, AON China Building, 29 Queen’s Road Central, Hong Kong on Friday, 21st May, 2004 at 3:10 p.m. (or so soon thereafter as the annual general meeting of the Company convened for the same place and date at 3:00 p.m. shall have been concluded or adjourned), notice of which is set out on pages 7 to 9 of this circular
“Latest Practicable Date”	23rd March, 2004 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no.1 of the notice of the Extraordinary General Meeting
“Share(s)”	share(s) of \$0.10 each in the share capital of the Company
“Share Buy Back Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administration Region

LETTER FROM THE CHAIRMAN



YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

Directors:

Tony FUNG Wing Cheung (*Chairman*)
Peter FUNG Yiu Fai (*Managing Director*)
Philippe DHAMELINCOURT
XIE Da Tong
LI Shi Liang
Ambrose SO Shu Fai*
LEE Seng Hui#
LEE Yip Wah, Peter*
Alexander CHOW Yu Chun*
Fabrice JACOB
(*alternate director to Philippe DHAMELINCOURT*)
Albert HO
(*alternate director to Ambrose SO Shu Fai*)

Registered Office:

1001, 10th Floor
AON China Building
29 Queen's Road Central
Hong Kong

* *independent non-executive directors*

non-executive director

30th March, 2004

To shareholders,

Dear Sir or Madam,

GENERAL MANDATE TO REPURCHASE SHARES

At the extraordinary general meeting of the Company held on 23rd May, 2003, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares of the Company. Such mandate will lapse at the conclusion of the forthcoming annual general meeting of the Company. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Extraordinary General Meeting. An explanatory statement as required under the Share Buy Back Rules to provide the requisite information of the Repurchase Proposal is set out in the appendix hereto.

GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Extraordinary General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of the Repurchase Resolution.

LETTER FROM THE CHAIRMAN

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,691,171,989 Shares.

Subject to the passing of the Ordinary Resolution No. 2 and on the basis that no further Shares are issued or repurchased prior to the Extraordinary General Meeting, the Company would be allowed to allot, issue and deal with a maximum of 338,234,397 Shares representing not more than 20% of the issued share capital of the Company at the Latest Practicable Date.

EXTRAORDINARY GENERAL MEETING

On pages 7 to 9 of this circular, you will find a notice convening the Extraordinary General Meeting at which:

- an ordinary resolution (Resolution No.1) will be proposed to grant to the Directors a general mandate to exercise all powers of the Company to repurchase on the Stock Exchange Shares representing up to 10% of the issued share capital of the Company as at the date of the Repurchase Resolution;
- an ordinary resolution (Resolution No.2) will be proposed to grant to the Directors a general mandate to authorise the Directors to allot, issue and deal with Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of such resolution; and
- an ordinary resolution (Resolution No.3) will be proposed to extend the general mandate which will be granted to the Directors allot, issue and deal with additional Shares by adding to it the number of Shares repurchased under the Repurchase Proposal after the granting of the general mandate to repurchase Shares.

ACTION TO BE TAKEN

A proxy form for use at the Extraordinary General Meeting is enclosed herein. Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete the proxy form and return it to the share registrars of the Company, Secretaries Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the proxy form will not prevent shareholders of the Company from attending and voting at the Extraordinary General Meeting if they so wish.

RECOMMENDATION

The Directors believe that the Repurchase Proposal and the general mandate for Directors to issue new Shares are all in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of the resolutions set out in the notice of Extraordinary General Meeting as the Directors intend to do so themselves in respect of their own holdings.

By Order of the Board
Tony FUNG Wing Cheung
Chairman

This appendix serves as an explanatory statement, as required by the Share Buy Back Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution. For the purpose of this appendix, the term “shares” shall be as defined in the Code on Share Repurchases to mean shares of all classes and securities which carry a right to subscribe or purchase shares.

This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,691,171,989 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Extraordinary General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 169,117,198 Shares representing not more than 10% of the issued share capital of the Company at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.

3. FUNDING OF REPURCHASES

In repurchase Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profit of the Company and/or the proceeds of a new issue of Shares, made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2003 in the event that the general mandate pursuant to the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate pursuant to the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the printing of this circular were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
March, 2003	0.250	0.224
April, 2003	0.250	0.225
May, 2003	0.255	0.230
June, 2003	0.246	0.225
July, 2003	0.265	0.240
August, 2003	0.420	0.255
September, 2003	0.420	0.290
October, 2003	0.310	0.300
November, 2003	0.320	0.295
December, 2003	0.300	0.285
January, 2004	0.340	0.290
February, 2004	0.380	0.305

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the shareholders of the Company.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders of the Company.

6. TAKEOVER CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a shareholder or group of shareholders of the Company acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Megaland Development Limited, Sun Hung Kai & Co. Limited and Continental Mariner Investment Company Limited, substantial shareholders of the Company, were respectively interested in 724,926,258 Shares, 364,151,800 Shares and 119,380,000 Shares, representing approximately 42.87%, 21.53% and 7.05% of the issued share capital of the Company. Based on such shareholding, and in the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Proposal, the interest of Megaland Development Limited, Sun Hung Kai & Co. Limited and Continental Mariner Investment Company Limited in the issued share capital of the Company would be respectively increased to approximately 47.63%, 23.93% and 7.84%. The Directors are aware of any consequences which may arise under the Takeover Code as a result of any repurchases made under the Repurchase Proposal. The Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would result in such takeover obligation. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Proposal, the number of Shares held by the public would not fall below 25%.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

NOTICE OF EXTRAORDINARY GENERAL MEETING



YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at 1001, 10th Floor, AON China Building, 29 Queen's Road Central, Hong Kong on Friday, the 21st day of May, 2004 at 3:10 p.m. (or so soon thereafter as the Annual General Meeting of the Company convened for the same place and date at 3:00 p.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. "THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting."

2. "THAT:

- (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution, and the said approval shall be limited accordingly; and
 - (d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

3. **“THAT** subject to the passing of the Resolutions No.1 and No.2 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution No.2 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal

NOTICE OF EXTRAORDINARY GENERAL MEETING

amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No.1 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the said Resolution.”

By Order of the Board
Peter LEE Yip Wah
Secretary

Hong Kong, 30th March, 2004

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notorially certified copy thereof, must be deposited with the share registrars of the Company, Secretaries Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting.