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# YU MING INVESTMENTS LIMITED

*(incorporated in Hong Kong with limited liability)*

## MAJOR AND CONNECTED TRANSACTION INVOLVING THE ACQUISITION OF FURTHER INTEREST IN ASIAWORLD-EXPO

The Board is pleased to announce that the Company entered into the Agreement with YMIM on 4th July, 2005 to increase its interest in JVP from 37.85% to 60%. The sole business and asset of JVP is its holding of an approximate 13.5% interest in AsiaWorld-Expo, the exhibition center at the Hong Kong International Airport.

As YMIM is owned as to 75% by Mr. Tony Fung who in turn is a controlling shareholder of the Company interested in approximately 43.06% of the issued share capital of the Company, and YMIM, being the investment manager of the Company, is deemed to be a connected person of the Company under the Listing Rules, the entering into the Agreement constitutes a connected transaction of the Company, and is subject to reporting, announcement and the Independent Shareholders' approval requirements. Following Completion, JVP will become a non-wholly-owned subsidiary of the Company. As the total assets of JVP exceed 25% of the consolidated total assets of the Company, the proposed acquisition also constitutes a major transaction of the Company.

The Circular containing further details of the Agreement, 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 an extraordinary general meeting to be held to consider the Agreement will be despatched to the Shareholders as soon as possible.

### **AGREEMENT**

**Date:**

4th July, 2005

**Parties:**

- (a) the Company as the purchaser, the principal business of which is investment in listed and unlisted securities; and
- (b) YMIM as the vendor, the principal business of which is the provision of corporate finance advisory services and investment management services to listed companies, professional and institutional clients.

**Transaction:**

The Company has agreed to purchase and YMIM has agreed to sell the AWE Interests at a consideration equal to the sum of:

- (a) HK\$22,150.00, as consideration for the Share Interests, which is equal to the cost of investment of YMIM in the share capital of JVP attributable to the Share Interests; and

- (b) the principal amount of the Loan Interests, as consideration for the Loan Interests, which as at the date of this announcement, amount to HK\$60,747,423.52. As at the date of this announcement, it is anticipated that a further loan of HK\$8,588,105.68 will be contributed by YMIM to JVP on 13th July, 2005.

In addition, the Company shall reimburse YMIM for its legal and finance costs in connection with the investment in JVP and the procurement and maintenance of the letter of credit guaranteeing its financial commitment pursuant to the JVP Shareholders' Agreement, incurred up to the date of Completion. Such costs amount to HK\$840,384.41 as at the date of this announcement. Assuming Completion takes place on 30th September, 2005, the amount to be reimbursed would be approximately HK\$850,000.

Based on the above figures and assuming that Completion takes place after YMIM makes further shareholders' loan of HK\$8,588,105.68 to JVP on 13th July, 2005, the aggregate consideration amounts to HK\$70,190,900.99. The final consideration for the Loans Interests may differ, depending on the outstanding amount of shareholder's loan as at the date of Completion. The reimbursement amount for the Expenses will be slightly higher because YMIM keeps incurring fee for maintaining the letter of credit until it is terminated on the date of Completion.

No deposit is payable by the Company to YMIM and the consideration shall be payable by the Company in cash on the date of Completion, which will be financed by the Company's internal resources.

Following Completion, the Company shall hold on trust for YMIM any dividend accrued up to the date of Completion and any interest accrued thereon up to the date of payment which are receivable by JVP under the Joint Venture Agreement and which are attributable to the Share Interests, and pay to YMIM up to such aggregate amount upon distribution (whether in the form of dividend or repayment of shareholders' loans) by JVP under the JVP Shareholders' Agreement.

The Share Interests represent 22.15% of the issued share capital of JVP or an approximate effective interests of 2.99% of AsiaWorld-Expo. Following Completion, JVP will become a 60% non-wholly-owned subsidiary of the Company. The Loan Interests represent 22.15% of all shareholders' loans of JVP advanced by its shareholders.

**Conditions precedent:**

Completion shall be conditional upon satisfaction of the following conditions precedent on or before 30th September, 2005 (or such later date as may be agreed between the Company and YMIM):

- (a) approval by the Independent Shareholders as required under the Listing Rules;
- (b) approval by Holdings of the transfer of the AWE Interests from YMIM to the Company;
- (c) compliance by the Company with Rule 21.04(3)(b) of the Listing Rules (which restricts an investment company to invest no more than 20% of its net asset value in any single investment); and
- (d) termination of the letter of credit provided by YMIM in favour of JVP pursuant to the JVP Shareholders' Agreement.

As at the date of this announcement, none of the above conditions has been fulfilled. The Company does not anticipate any waiver of the above conditions to be granted by any party concerned.

Pursuant to the JVP Shareholders' Agreement, each shareholders provided a letter of credit guaranteeing their financial commitment in proportion to their respective shareholding in AsiaWorld-Expo. Based on the estimated construction cost under the Joint Venture Agreement, YMIM provided an approximate HK\$78 million letter of credit in favour of JVP pursuant to the JVP Shareholders' Agreement, which has been reduced by the approximate HK\$61 million (the amount of investment made so far) to approximately HK\$17 million as at the date of this announcement. Following Completion, the Company will assume YMIM's financial commitment under the JVP Shareholders' Agreement.

#### **ASIAWORLD-EXPO**

The sole business and asset of JVP is its holding of an approximate 13.5% interest in AsiaWorld-Expo, the exhibition center at the Hong Kong International Airport. Other than the share capital of HK\$100,000 contributed by the Company, YMIM and Dragages, shareholders of JVP shall contribute their investment in the form of interest free shareholders' loans pro rata to their shareholding in JVP according to the JVP Shareholders' Agreement. Based on its latest audited accounts, JVP reported a loss before and after taxation of HK\$38,796 for the period from 18th August, 2003 (being the date of incorporation) to 31st December, 2004, and had a net asset value of HK\$61,204 as at 31st December, 2004.

Based on the estimated construction cost under the Joint Venture Agreement, JVP shall invest approximately HK\$350 million in AsiaWorld-Expo. As at the date of this announcement, approximately HK\$274 million has been contributed, and the balance is expected to be contributed by mid 2006. JVP shall make further capital investment only if it is called for by AsiaWorld-Expo under the Joint Venture Agreement. The Company will finance further investment by way of its own internal resources as well as the non-recourse loan to be provided to JVP mentioned below.

AsiaWorld-Expo is a new exhibition center at the Hong Kong International Airport currently under construction. Upon completion in December 2005, AsiaWorld-Expo will provide over 70,000 sq. m. of rentable space, including 10 ground-level, column-free, 10-m high halls. It also houses a purpose-built, 13,500-seat, 19-m high arena of high acoustic qualities with modular seating systems and backstage facilities. The 10 halls can be used either separately or in conjunction with each other to provide one continuous space for events.

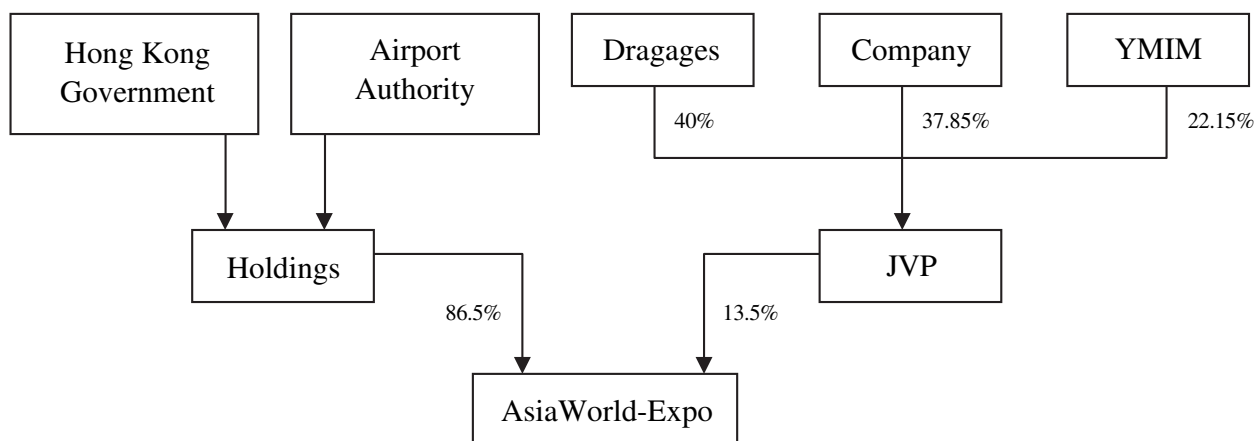
AsiaWorld-Expo has a full range of meeting and conference facilities that can accommodate small, intimate events of 12 to mega functions for more than 30,000 delegates and visitors.

The construction is on schedule, and will be ready for occupation in December 2005.

AsiaWorld-Expo has secured bookings well into 2008, exceeding the original budget. It will also be the host venue for ITU Telecom World, the most prominent global telecommunications event, for 2006.

## REASONS FOR THE TRANSACTION

The Company was approached by Dragages in June 2003 to form JVP to invest with the Hong Kong Government and the Airport Authority to develop and operate AsiaWorld-Expo. At that time, 60% interest in JVP (effectively 8.1% attributable interests in AsiaWorld-Expo) was open to investors in one lot. However, in compliance with Rule 21.04(3)(b) of the Listing Rules (which restricts an investment company to invest no more than 20% of its net asset value in any single investment), the Company could invest no more than 37.85% interest in JVP and so it invited YMIM to co-invest 22.15% interests in JVP. The investment was then made in August 2003 with the following shareholding structure:

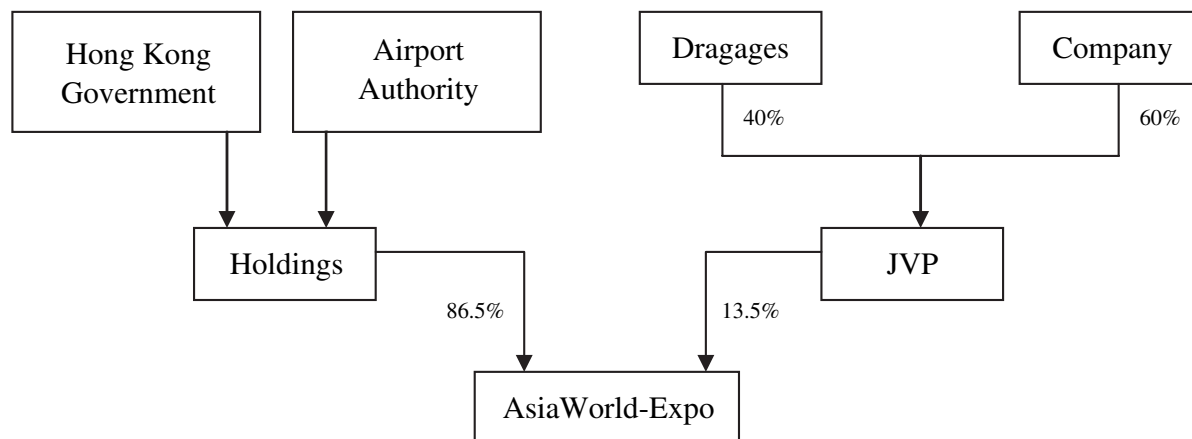


*Note:* Shareholding of Holdings and JVP in AsiaWorld-Expo depends on the amount of their respective investment in AsiaWorld-Expo. The above shareholding of AsiaWorld-Expo is based on the HK\$2.35 billion estimated construction cost under the Joint Venture Agreement.

Recognizing that the Company has a priority in the investment, YMIM agreed in its letter dated 18th July, 2003 to sell its 22.15% interest in JVP back to the Company once it can do so without breaching Rule 21.04(3)(b) of the Listing Rules within a period of 12 months. Although the 12-month period has expired, taking into account the original intention, YMIM is willing to accommodate and agrees to enter into the Agreement.

A licensed bank in Hong Kong has agreed in principle to grant a non-recourse loan to JVP to finance its investment in AsiaWorld-Expo. Shareholders of JVP would not provide guarantee on repayment of the non-recourse loan, and therefore the bank could not make any claim against the shareholders in the event of default by JVP on payment. This would effectively reduce the Company's financial commitment in AsiaWorld-Expo to approximately HK\$146 million (representing approximately 19% of its net asset value) and enable the Company to increase its interest in JVP to 60% without breaching Rule 21.04(3)(b) of the Listing Rules. As compliance

with Rule 21.04(3)(b) of the Listing Rules is a conditions precedent to the Agreement, Completion would not take place if JVP fails to or decides not to obtain such non-recourse financing. Following Completion, shareholding of AsiaWorld-Expo would be as follows;



*Note:* Shareholding of Holdings and JVP in AsiaWorld-Expo depends on the amount of their respective investment in AsiaWorld-Expo. The above shareholding of AsiaWorld-Expo is based on the HK\$2.3 billion estimated construction cost under the Joint Venture Agreement.

Given the better than expected performance of AsiaWorld-Expo and that the consideration for the Sale Interests is equal to the cost of investment of YMIM, the Board (excluding members of the Independent Board Committee whose opinion will be set out in the Circular after taking into account the principal factors and reasons considered by the Independent Financial Adviser and its advice set out in the Circular) considers that the entering into the Agreement is in the interests of the Company and the Shareholders as a whole and the terms of which are normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned. As investment is the principal business of the Company, the Agreement would be entered into in the ordinary and usual course of business of the Company. Since YMIM would not have incurred the Expenses if it were not requested to facilitate and co-invest with the Company in JVP, the Board considers it fair and reasonable to reimburse it for the Expenses.

## MAJOR CONNECTED TRANSACTION

As YMIM is owned as to 75% by Mr. Tony Fung who in turn is a controlling shareholder of the Company interested in approximately 43.06% of the issued share capital of the Company, and YMIM, being the investment manager of the Company, is deemed to be a connected person of the Company under the Listing Rules, the entering into the Agreement constitutes a connected transaction of the Company, and is subject to reporting, announcement and the Independent Shareholders' approval requirements. Following Completion, JVP will become a non-wholly-owned subsidiary of the Company. As the total assets of JVP exceed 25% of the consolidated total assets of the Company, the proposed acquisition also constitutes a major transaction of the Company.

Details of the Agreement, the advice of the Independent Financial Adviser, recommendation of the Independent Board Committee and a notice convening an extraordinary general meeting to be held to consider the Agreement will be included in the Circular to be despatched to the Shareholders as soon as possible.

As YMIM is owned as to 75% by Mr. Tony Fung and as to 25% by Mr. Peter Fung, Mr. Tony Fung and Mr. Peter Fung, being shareholders of the Company interested in the transaction, and their respective associates will abstain from voting in respect of the resolution for approval of the Agreement by way of poll at the extraordinary general meeting.

## DEFINITION

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise.

“Agreement”	the sale and purchase agreement dated 4th July, 2005 entered into between the Company and YMIM in relation to the transfer of the AWE Interests from YMIM to the Company
“AsiaWorld-Expo”	the exhibition center at the Hong Kong International Airport
“AWE Interests”	the Share Interests and the Loan Interests
“Board”	board of Directors
“Circular”	a circular containing further details of the Agreement, the advice of the Independent Financial Adviser, the recommendation of the Independent Board Committee, and a notice convening an extraordinary general meeting to be held to consider the Agreement to be despatched to the Shareholders
“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 with a designated stock code of 666
“Completion”	completion of the transfer of the AWE Interests from YMIM to the Company pursuant to the terms and conditions of the Agreement
“Directors”	directors of the Company
“Dragages”	Dragages Hong Kong Limited, a subsidiary of the French conglomerate Bouygues, a partner of the Company in JVP and not a connected person of the Company as defined under the Listing Rules
“Expenses”	legal and finance costs (excluding interest expenses) of YMIM in connection with its investment in JVP and the procurement and maintenance of the letter of credit guaranteeing its financial commitment pursuant to the JVP Shareholders’ Agreement, incurred up to the date of Completion
“Holdings”	IEC Holdings Limited, a partner of JVP in AsiaWorld-Expo and owned by the Hong Kong Government and the Airport Authority
“Independent Board Committee”	independent board committee of the Company, comprising Mr. So Shu Fai, Ambrose, Mr. Chow Yu Chun, Alexander and Mr. Albert Ho, to advise the Independent Shareholders in respect of the Agreement
“Independent Financial Adviser”	An independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement



“Independent Shareholders”	Shareholders other than Mr. Tony Peter and Mr. Peter Fung and their respective associates
“Joint Venture Agreement”	the agreement dated 23rd August, 2003 entered into between Hong Kong IEC Limited, Holdings and JVP in respect of AsiaWorld-Expo
“JVP”	IEC Investments Limited, a joint venture between the Company, YMIM and Dragages
“JVP Shareholders’ Agreement”	the agreement dated 18th July, 2003 entered into between the Company, YMIM and Dragages which sets out the principal terms of the shareholders’ agreement in relation to JVP
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Interests”	all shareholder’s loans advanced by YMIM to JVP on the date of Completion, which are interest free without a fixed term of repayment
“Share Interests”	22.15% interests in the share capital of JVP held by YMIM
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YMIM”	Yu Ming Investment Management Limited, the investment manager of the Company owned as to 75% by Mr. Tony Fung and as to 25% by Mr. Peter Fung

*As at the date of this announcement, (a) the executive Directors are Mr. Fung Wing Cheung, Tony, Fung Yiu Fai, Peter, Mr. Lee Wa Lun, Warren and Mr. Li Shi Liang, (b) the non-executive Directors are Mr. Lee Seng Hui and Mr. Lee Yip Wah, Peter and (c) the independent non-executive Directors are Mr. So Shu Fai, Ambrose, Mr. Chow Yu Chun, Alexander and Mr. Albert Ho.*

By order of the board of  
**YU MING INVESTMENTS LIMITED**  
**FUNG Yiu Fai, Peter**  
*Managing Director*

Hong Kong, 4th July, 2005

Please also refer to the published version of this announcement in The Standard.