

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 to be taken, you should consult your 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 form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong limited liability)

(Stock Code: 666)

MAJOR AND CONNECTED TRANSACTION PROPOSED DISPOSAL OF EQUITY INTERESTS IN IEC INVESTMENTS LIMITED AND ASIAWORLD-EXPO MANAGEMENT LIMITED

Financial adviser to Yu Ming Investments Limited



Yu Ming Investment Management Limited

**Independent financial adviser to the independent board of committee and
the shareholders**



CENTURION CORPORATE FINANCE LIMITED

A letter from the independent board committee of Yu Ming Investments Limited containing its recommendation to the shareholders of Yu Ming Investments Limited is set out on page 10 of this circular. A letter from Centurion Corporate Finance Limited containing its advice to the independent board committee and the shareholders of Yu Ming Investments Limited is set out on pages 11 to 18 of this circular.

A notice convening an extraordinary general meeting of Yu Ming Investments Limited to be held at 4:30 p.m. on 3rd August, 2007 at 1001, 10th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong is set out on page 28 of this circular. Whether or not you intend to be present at the meeting, you are requested to complete this form of proxy in accordance with the instructions printed thereon and deposit the same at Secretaries Limited, the share registrars of the Company, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the extraordinary general meeting or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

17th July, 2007

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DEFINITIONS

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

“AsiaWorld-Expo”	the 66,000 square-meter exhibition centre located next to the Hong Kong International Airport
“Board”	the board of Directors
“Centurion”	Centurion Corporate Finance Limited (a licensed corporation to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) under SFO), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Conditional Sale and Purchase Agreement
“Company” or “Vendor”	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 Sales Shares in accordance with the terms of the Conditional Sale and Purchase Agreement
“Conditional Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 21st June, 2007 entered into between the Company and the DHK in relation to the Proposed Disposal
“Consideration”	HK\$180,000,000
“DHK” or “Purchaser”	Dragages Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Directors”	Directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened at 4:30 p.m. on 3rd August, 2007 to approve the Conditional Sale and Purchase Agreement and the transaction contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holdings”	IEC Holdings Limited, owned by the Hong Kong Government and Airport Authority Hong Kong as to 90% and 10% respectively

DEFINITIONS

“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 Messrs. 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 Conditional Sale and Purchase Agreement
“JVCO”	Hong Kong IEC Limited
“JVCO Agreement”	the joint venture agreement entered into between JVP, Holdings and JVCO dated 23rd August, 2003
“JVP”	IEC Investments Limited
“JVP Sales Shares”	60% of the entire issued share capital of JVP held by the Company
“Latest Practicable Date”	13th July, 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	The loan facility of up to HK\$213 million provided by Industrial and Commercial Bank of China (Asia) Limited to JVP under a facility agreement dated 24th August 2005
“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
“Net Shareholder’s Loan”	the amount of net shareholder’s loan due by JVP to the Company, which amounted to approximately HK\$94 million as at 31st May, 2007
“OPCO”	AsiaWorld-Expo Management Limited
“OPCO Sales Shares”	40% of the entire issued share capital of OPCO held by the Company
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules

DEFINITIONS

“Proposed Disposal”	the proposed disposal of the Sales Shares by the Company to the Purchaser pursuant to the Conditional Sale and Purchase Agreement
“Sales Shares”	collectively (i) 60% of the entire issued share capital of JVP and (ii) 40% of the entire issued share capital of OPCO
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent



YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong limited liability)

(Stock Code: 666)

Executive Directors:

Fung Wing Cheung, Tony

Lee Wa Lun, Warren

Non-Executive Directors:

Fung Yiu Fai, Peter

Lee Seng Hui

Chan Kin

Lee Yip Wah, Peter

Registered Office:

Room 1901B, 19th Floor

Allied Kajima Building

138 Gloucester Road

Hong Kong

Independent Non-Executive Directors:

So Shu Fai, Ambrose

Chow Yu Chun, Alexander

Albert Ho

17th July, 2007

To Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
PROPOSED DISPOSAL OF EQUITY INTERESTS IN
IEC INVESTMENTS LIMITED AND
ASIAWORLD-EXPO MANAGEMENT LIMITED**

INTRODUCTION

On 26th June, 2007, the Board announced that the Company entered into the Conditional Sale and Purchase Agreement with the Purchaser on 21st June, 2007, pursuant to which, subject to conditions set out in this circular, (A) the Company agreed to sell and the Purchaser agreed to acquire (i) 60% of the entire issued share capital of JVP and (ii) 40% of the entire issued share capital of OPCO, and (B) the Company agreed to assign its Net Shareholder's Loan to the Purchaser at the Consideration of HK\$180 million in cash.

As DHK (the Purchaser) is a substantial shareholder of JVP (a non-wholly owned subsidiary of the Company), it is a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Therefore, the entering into of the Conditional Sale and Purchase Agreement constitutes a connected transaction of the Company, and is subject to disclosure and approval of the Shareholders. 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.

LETTER FROM THE BOARD

The Independent Board Committee has been appointed to advise the Shareholders, and Centurion has been appointed to advise the Independent Board Committee and the Shareholders in respect of the Conditional Sale and Purchase Agreement.

The purpose of this circular is to provide you with further information in relation to the Conditional Sale and Purchase Agreement, to set out the advice from Centurion to the Independent Board Committee and the Shareholders and the recommendation of the Independent Board Committee in respect of the Conditional Sale and Purchase Agreement and to seek your approval of the Conditional Sale and Purchase Agreement at the EGM, a notice of which is set out in this circular.

CONDITIONAL SALE AND PURCHASE AGREEMENT

Date

21st June, 2007

Parties

Purchaser : Dragages Hong Kong Limited whose principal business is undertaking building projects and civil works in both public and private sectors

Vendor : Yu Ming Investments Limited whose principal business is investment in private equity, properties, structured finance and listed securities.

Transaction

Pursuant to the Conditional Sale and Purchase Agreement, subject to conditions as set out in this circular, (A) the Company agreed to sell and the Purchaser agreed to purchase the Sales Shares (collectively representing (i) 60% of the entire issued share capital of JVP and (ii) 40% of the entire issued share capital of OPCO), and (B) the Company agreed to assign the Net Shareholder's Loan to the Purchaser. Immediately following Completion, the Company will have no equity interests in both JVP and OPCO and the financial results of JVP will be deconsolidated from the Group's accounts.

Consideration

The Consideration for the Sales Shares is HK\$180 million in cash, payable in one lump sum upon Completion.

The Consideration has been agreed by the parties after arm's length negotiations, having taken into account (i) the audited net asset value and Net Shareholder's Loan of JVP attributable to the Company of approximately HK\$147 million as at 31st December, 2006; (ii) the audited net asset value of OPCO attributable to the Company of approximately HK\$2 million as at 31st March, 2007; and (iii) the prevailing market conditions.

LETTER FROM THE BOARD

Conditions precedent

The conditions of the Conditional Sale and Purchase Agreement include, among others, the following:

- (a) the approval of the Shareholders of the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) Holdings, JVCO and Industrial and Commercial Bank of China (Asia) Limited (pursuant to the Loan Facility) each consenting in writing to the Conditional Sale and Purchase Agreement and the transactions contemplated therein;
- (c) Bouygues Construction S.A. (the holding company owning 100% equity interests in the Purchaser) issuing a parent company guarantee in favour of Holdings and JVCO guaranteeing 100% of JVP's obligations under the JVCO Agreement;
- (d) Holdings and JVCO each accepting in writing the delivery by Bouygues Construction S.A. of a parent company guarantee as replacement and release of the previous parent company guarantees issued by each of the Company and Bouygues Construction S.A.;
- (e) the approval of JVP's board of directors of the sale and purchase of the JVP Sales Shares contemplated under the Conditional Sale and Purchase Agreement and the assignment of the Net Shareholder's Loan from the Company to the Purchaser; and
- (f) the approval of OPCO's board of directors of the sale and purchase of the OPCO Sales Shares contemplated under the Conditional Sale and Purchase Agreement.

If any of the above conditions is not fulfilled by 15th August, 2007 or such later date as the parties may agree, none of the parties of the Conditional Sale and Purchase Agreement shall be obliged to proceed with Completion.

INFORMATION ON JVP AND OPCO

At present, JVP is a joint venture owned by the Company and the Purchaser as to 60% and 40% respectively. Its sole asset is the 13.5% equity interests in JVCO, which in turn wholly owns the right to operate AsiaWorld-Expo during the period from August 2003 to March 2031. Holdings (owned by the Hong Kong Government and Airport Authority Hong Kong as to 90% and 10%) holds the remaining 86.5% interests in JVCO.

OPCO is owned by the Company and the Purchaser as to 40% and 60% respectively. It is principally engaged in the daily operations of AsiaWorld-Expo on behalf of JVCO, including, among others, facilities management and marketing. In return, OPCO receives management fee from JVCO.

LETTER FROM THE BOARD

The audited net asset value of JVP as at 31st December, 2006 was approximately HK\$245 million, and that of OPCO as at 31st March, 2007 was approximately HK\$6 million. The (i) audited net profit of JVP (no tax payable by JVP); (ii) audited net profit of OPCO before and after taxation; and (iii) audited net profit of JVP and OPCO after taxation attributable to the Group are as follows:

	Year ended 31st December,	
	2006	2005
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
JVP's net profit/(loss)	91,860	(2,893)
JVP's net profit/(loss) attributable to the Group	55,116	(1,736)

	Year ended 31st March,	
	2007	2006
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
OPCO's net profit before taxation	15,296	564
OPCO's net profit after taxation	12,630	465
OPCO's net profit after taxation attributable to the Group	5,052	186

Net profit of approximately HK\$92 million of JVP represents the accrued income between the period commencing 15th September, 2003 and ending 31st December, 2006, of which none was paid by JVCO to JVP during the period. The accrued income for the year ended 31st December, 2006 amounted to approximately HK\$48 million.

The Group consolidated JVP and accounted for OPCO using equity method.

REASONS FOR AND BENEFIT OF THE PROPOSED DISPOSAL

The Company is an investment company, from time to time seeking return on its investments. It embarked on capital injection into JVP and OPCO in July 2003.

The net investment made by the Company in JVP was approximately HK\$95 million, in addition to a bank loan facility of approximately HK\$128 million (60% attributable share of Loan Facility of HK\$213 million). Upon completion of the Proposed Disposal, the Company will receive cash proceeds of HK\$180 million, which represents a surplus of approximately HK\$32 million over its carrying cost of HK\$148 million as at 31st December, 2006.

INTENDED USE OF PROCEEDS

The estimated net proceeds of HK\$179 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.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

Upon Completion, it is estimated that the Group will record an after-tax profit of approximately HK\$32 million over its carrying cost of HK\$148 million as at 31st December, 2006. Accordingly, the consolidated net asset value of the Group is expected to increase by the same amount as compared with that as at 31st December, 2006.

PROSPECTS OF THE GROUP

The Group is in the course of formulating a new investment strategy. Apart from the Proposed Disposal, the Group also conditionally agreed to sell its interests in Honnex Development Limited. If both transactions are completed, cash proceeds of approximately HK\$549 million will be generated.

Positive economic outlook in the People's Republic of China and Hong Kong, and the ample liquidity around the world provide a favourable market for investment. With the increased liquidity, the Group is in a better position to actively seek suitable investment opportunities. The Board is optimistic about prospects of the Group.

GENERAL

As DHK (the Purchaser) is a substantial shareholder of JVP (a non-wholly owned subsidiary of the Company), it is a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Therefore, the entering into of the Conditional Sale and Purchase Agreement constitutes a connected transaction of the Company, and is subject to disclosure and approval of the Shareholders by way of poll in the EGM. As at the Latest Practicable Date, none of DHK or its associates hold any interests in shares of the Company. To the best knowledge of the Directors, no Shareholder is required to abstain from voting in the EGM.

Since the Consideration exceeds 25% but no more than 75% under any of the Percentage Ratios, the Conditional Sale and Purchase Agreement also constitutes a major transaction of the Company.

EXTRAORDINARY GENERAL MEETING

You will find on page 28 of this circular a notice of the EGM to be held at 4:30 p.m. on 3rd August, 2007 at 1001, 10th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong for the purposes of considering and, if thought fit, approving the Conditional Sale and Purchase Agreement.

Pursuant to Rule 14A.52 of the Listing Rules, the Company will procure that the chairman of the EGM demand the resolutions in relation to the Conditional Sale and Purchase Agreement to be taken by a poll. You may refer to the appendix of this circular for the procedure by which for you may demand a poll pursuant to the articles of association of the Company.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you intend to be present at the meeting, you are requested to complete this form of proxy in accordance with the instructions printed thereon and deposit the same at Secretaries Limited, the share registrars of the Company, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and Centurion as set out in this circular.

RECOMMENDATION

The Board, including members of the Independent Board Committee, consider that the Consideration and the terms and conditions of the Conditional Sale and Purchase Agreement are fair and reasonable and in the interests of the Shareholders and the Company as a whole, and recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Conditional Sale and Purchase Agreement.

Yours faithfully,
For and on behalf of the Board
YU MING INVESTMENTS LIMITED
LEE Wa Lun, Warren
Managing Director



YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong limited liability)

(Stock Code: 666)

To the Shareholders

17th July, 2007

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
PROPOSED DISPOSAL OF EQUITY INTERESTS IN
IEC INVESTMENTS LIMITED AND
ASIAWORLD-EXPO MANAGEMENT LIMITED**

We have been appointed as members of the Independent Board Committee to advise the Shareholders in respect of the Conditional Sale and Purchase Agreement, details of which are set out in the letter from the Board in the circular dated 17th July, 2007 (the “Circular”) to the Shareholders. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the advice of Centurion in respect of the Conditional Sale and Purchase Agreement as set out in the letter from Centurion in the Circular. Having taken into account the advice of Centurion, we consider that the terms and conditions of the Conditional Sale and Purchase Agreement are fair and reasonable so far as the interests of the Shareholders are concerned and that the entering into of the Conditional Sale and Purchase Agreement is in the interests of the Company and the Shareholders. Accordingly, we recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Conditional Sale and Purchase Agreement.

Yours faithfully,

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

Independent Board Committee

LETTER FROM CENTURION

The following is the text of the letter of advice to the Independent Board Committee and the independent Shareholders from Centurion dated 17th July, 2007 for incorporation in this circular:–



CENTURION CORPORATE FINANCE LIMITED 盛百利財務顧問有限公司

7th Floor, Duke Wellington House
14 -24 Wellington Street
Central, Hong Kong

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威靈頓公爵大廈7樓

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(852) 2525 6026
Facsimile : (852) 2537 7622

17th July, 2007

*To the Independent Board Committee and
the independent Shareholders of Yu Ming Investments Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION PROPOSED DISPOSAL OF EQUITY INTERESTS IN IEC INVESTMENTS LIMITED AND ASIAWORLD-EXPO MANAGEMENT LIMITED

INTRODUCTION

We have been engaged to advise the Independent Board Committee and the independent Shareholders with respect to the terms and conditions of the proposed disposal of 60% of the entire issued share capital of JVP and 40% of the entire issued share capital of OPCO, and the assignment of the Net Shareholder's Loan to the Purchaser under the Conditional Sale and Purchase Agreement, details of which are outlined in the "Letter From The Board" set out from pages 4 to 9 of the circular dated 17th July, 2007 to the Shareholders ("Circular") of which this letter forms a part.

We have been appointed to give an opinion as to whether the terms and conditions of the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder are of normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company announced on 26th June, 2007 the entering into of the Conditional Sale and Purchase Agreement and for the reasons set out in the "Letter From The Board", the transactions contemplated thereunder constitute "Major and Connected Transaction" of the Company under the Listing Rules. As such, the Conditional Sale and Purchase Agreement is subject to the approval of the Shareholders by way of a poll at the EGM. No Shareholders will be required to abstain from voting at the EGM in relation to the Conditional Sale and Purchase Agreement. In this regard, please refer to the section headed "Extraordinary General Meeting" as set out in the "Letter From The Board" for further details.

The Independent Board Committee has been formed to advise the independent Shareholders in relation to the terms and conditions of the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representation contained in the Circular and other documents (including but not limited to the Conditional Sale and Purchase Agreement) which have been provided to us by the executive Directors and for which they take full responsibility. We have also assumed that all statements, information, opinions and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of this Circular. We have also assumed that all statements of beliefs, opinions and intentions made by the Directors in the Circular are reasonably made after due and careful enquiry.

In respect of the financial information of each of the Group, JVP, JVCO and OPCO, we have relied principally on their respective audited and/or unaudited financial statements, all prepared by the Company and for which the Directors take full responsibility. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and/or referred to in the Circular.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We consider that we have reviewed sufficient financial information to enable us to reach an informed view and to justify reliance on the accuracy of the financial information of the Group as contained in the Circular. We have not, however, conducted any form of independent or in-depth investigation into the businesses and affairs of the prospects of the Group, JVP, JVCO and OPCO, or any of their respective subsidiaries or associates, nor have we independently verified any of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

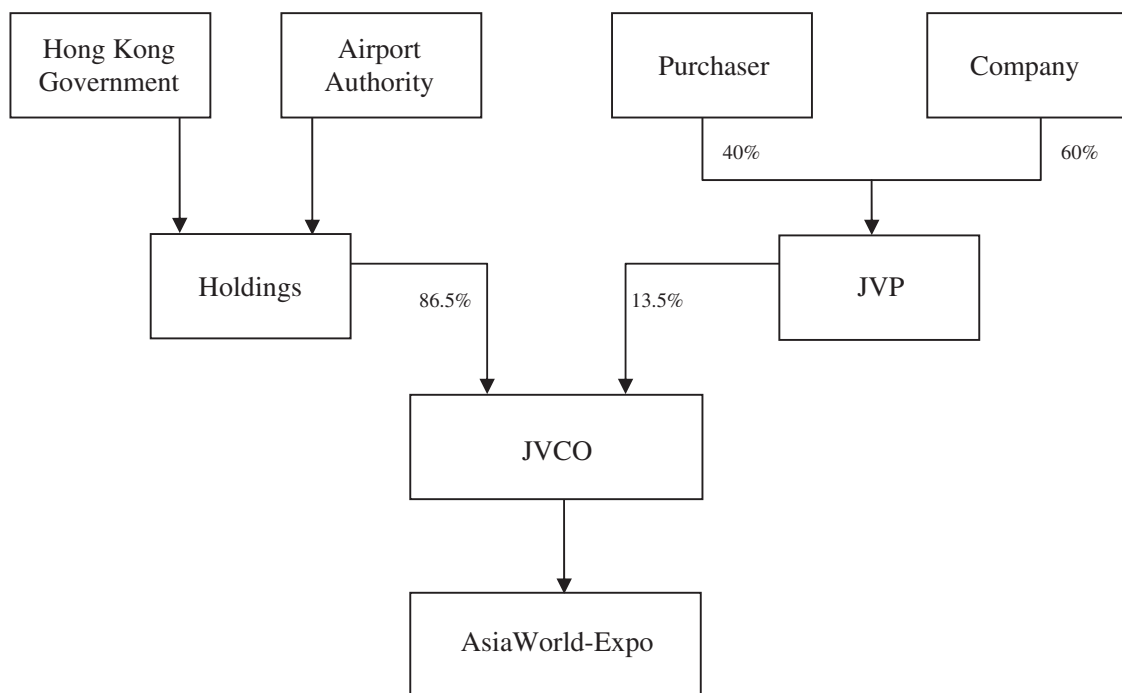
In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

- 1. Background to and reason for the entering into of the Conditional Sale and Purchase Agreement**

The Company is a close-end fund and the Group is principally engaged in the investments in listed and unlisted securities and properties. The Proposed Disposal contemplated under the Conditional Sale and Purchase Agreement represents a proposed divestiture of one of these investments. The Company embarked on its capital injection into JVP and OPCO in July 2003.

LETTER FROM CENTURION

As set out in the “Letter From The Board”, JVP is a joint venture owned by the Company and the Purchaser as to 60% and 40% respectively. Under a joint venture agreement entered into on 23rd August, 2003, JVP’s sole asset is the 13.5% equity interests in JVCO, which in turn wholly owns the right to operate AsiaWorld-Expo during the period from August 2003 to March 2031 and Holdings (owned by The Government of Hong Kong and The Airport Authority Hong Kong as to 90% and 10%) holds the remaining 86.5% interests in JVCO. Further, OPCO is owned by the Company and the Purchaser as to 40% and 60% respectively. It is principally engaged in the daily operations of AsiaWorld-Expo on behalf of JVCO, including, among others, facilities management and marketing. In return, OPCO receives management fee from JVCO. AsiaWorld-Expo is one of the largest exhibition centres in Hong Kong, consisting of over 70,000 sq. m. of rentable space, including 10 ground-level, column-free, 10-metre high halls and a purpose-built 13,500-seat, 19-metre high arena. AsiaWorld-Expo, which was the host venue for, among other events, the 2006 ITU Telecom World, has the capacity to expand into a 100,000 sq. m. exhibition facility. The current shareholding structure of AsiaWorld-Expo prior to Completion is as follows:–



JVCO completed the construction of AsiaWorld-Expo at the end of 2005 and operations of the exhibition centre commenced in December 2005. Upon expiry of the 25-year period from such commencement date, the ownership of the AsiaWorld-Expo exhibition centre will be transferred by JVCO to Holdings and JVP and Holdings have an option to put JVCO into voluntary liquidation. The 13.5% equity interests in JVCO currently held by JVP is in the form of 352,941,176 preference shares of HK\$1.00 each issued by JVCO.

LETTER FROM CENTURION

For the two years ended 31st December, 2005 and 2006, the audited consolidated operating (loss)/profit of the Group were (HK\$8,414,963) and HK\$120,831,294 respectively, whereas profit/(loss) for the same years were HK\$146,705,088 and (HK\$115,595,718) respectively. The loss for the year ended 31st December, 2006 was due to the charging of the carrying value of HK\$190,190,000 to the Group's income statement in relation to its investment in CR Airways. Consolidated audited net assets of the Group as at 31st December, 2005 and 2006 were HK\$1,052,736,615 and HK\$924,716,644 respectively. For details, please refer to the Company's 2006 annual report.

Yu Ming Investment Management Limited, the investment manager of the Company and beneficially owned as 75% and 25% by Mr. Tony Fung and Mr. Peter Fung respectively, is being sold to Allied Group Limited, subject to conditions including, among others, approval of the Securities and Futures Commission. Your attention is also drawn to the Company's announcement dated 11th June, 2007 disclosing that Allied Group Limited was proposing to acquire the 22.42% equity interest in the Company current held by Sun Hung Kai & Co. Limited, a 74.93%-owned subsidiary of Allied Properties (HK) Limited, itself a 77.94%-owned subsidiary of Allied Group Limited. Allied Group Limited will therefore, be the largest Shareholder upon completion of its acquisition of the 22.42% equity interest in the Company.

On 3rd July, 2007, the Company announced a major and connected transaction in relation to the proposed disposal of equity interests in Honnex Development Limited to a company owned as to 75% and 25% by Mr. Tony Fung and Mr. Peter Fung respectively, for a cash consideration of HK\$372 million. Honnex Development Limited invests in local retail properties. This proposed realisation is in addition to the HK\$180 million cash to be generated from the Proposed Disposal.

As set out in the "Letter From The Board", after the results of the year ended 31st December, 2006, the Group is in the course of formulating a new investment strategy. The Board is of the view that positive economic outlook in the People's Republic of China and Hong Kong, and the ample liquidity around the world provide a favourable market for investment business. With its increased liquidity, the Group is in a better position to actively seek suitable investment opportunities. The Proposed Disposal is therefore, part and parcel of this new investment strategy review and changes currently undertaken by the Company.

2. Principal terms of the transactions under the Conditional Sale and Purchase Agreement

2.1 Transaction contemplated and consideration

Pursuant to the Conditional Sale and Purchase Agreement, subject to conditions as set out below, (A) the Company agreed to sell and the Purchaser agreed to purchase the Sales Shares (collectively representing (i) 60% of the entire issued share capital of JVP and (ii) 40% of the entire issued share capital of OPCO); and (B) the Company agreed to assign the Net Shareholder's Loan to the Purchaser. Immediately following Completion, the Company will have no equity interests in both JVP and OPCO and the financial results of JVP will be deconsolidated from the Group's accounts.

LETTER FROM CENTURION

The Consideration for the Sales Shares is HK\$180 million in cash, payable in one lump sum upon Completion. As set out in the “Letter From The Board”, the Consideration has been agreed by the parties after arm’s length negotiations, having taken into account (i) the audited net asset value of and Net Shareholder’s Loan of JVP attributable to the Company of approximately HK\$147 million as at 31st December, 2006; (ii) the audited net asset value of OPCO attributable to the Company of approximately HK\$2 million as at 31st March, 2007 (and unaudited net asset value of approximately HK\$1 million as at 31st December, 2006); and (iii) the prevailing market conditions.

Having taken into consideration the abovementioned combined net asset value of HK\$148 million of JVP and OPCO attributable to the Company as at 31 December 2006 and the current market conditions as cited by the Board, the other principal factors and reasons set out herein, in particular the price-earnings multiple analysis and the unique business nature of JVP (set out in the sections below headed “Financial information of JVP and OPCO” and “The unique business nature of JVP” respectively), we are of the view that the Consideration is fair and reasonable so far as Shareholders are concerned.

2.2 *Conditions precedent*

The Conditional Sale and Purchase Agreement is subject to fulfillment of the conditions precedent include, among others, those set out in the “Letter From The Board” under the section headed “Conditions Precedent”. If any of the conditions precedent is not fulfilled by 15th August, 2007, or such later date as the parties may agree, none of the parties of the Conditional Sale and Purchase Agreement shall be obliged to proceed with Completion.

3. **Financial information of JVP and OPCO**

As set out in the “Letter From The Board”, the audited net asset value of JVP as at 31st December, 2006 was approximately HK\$245 million, and that of OPCO as at 31st March, 2007 was approximately HK\$6 million. The combined net asset value of JVP and OPCO attributable to the Company as at 31st December, 2006 is HK\$148 million, details of which are set out above. The (i) audited net profit of JVP (no tax payable by JVP); (ii) audited net profit of OPCO before and after taxation; and (iii) audited net profit of JVP and OPCO after taxation attributable to the Group are as follows:

	Year ended 31st December,	
	2006	2005
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
JVP’s net profit/(loss)	91,860	(2,893)
JVP’s net profit/(loss) attributable to the Group	55,116	(1,736)

LETTER FROM CENTURION

	Year ended 31st March,	
	2007	2006
	(HK\$'000)	(HK\$'000)
OPCO's net profit before taxation	15,296	564
OPCO's net profit after taxation	12,630	465
OPCO's net profit after taxation attributable to the Group	5,052	186

Net profit of approximately HK\$92 million of JVP represents primarily preferred dividend on the preference shares and interest thereon on an accrued basis between the period commencing 15th September, 2003 and ending 31st December, 2006, of which none was paid by JVCO to JVP during the period. The accrued income for the year ended 31st December, 2006 primarily consisted of preferred dividend income amounted to approximately HK\$48 million.

JVP was the shareholder of 352,941,176 preference shares of HK\$1.00 each issued by JVCO as at 31st May, 2007 and under the relevant joint venture agreement, JVP is entitled to a cumulative preferred dividend on the HK\$352,941,176 subscription price of such preference shares. The preferred dividend for each preference share is accrued from the date of its issuance up to the date on such amount is paid prior to the payment of any ordinary dividends. There is no provision under the relevant joint venture agreement for redemption of such preference shares.

We understand from the Company that payment of ordinary dividends is predicated on the full payment of all preferred dividends and the fact that none of the preferred dividends accrued has yet been paid means no ordinary dividends has yet been paid.

We are of the view that the preferred dividend represents investment income on a recurrent basis insofar as the Company's 60% equity interests in JVP is concerned. Such recurrent income of JVP for the year ended 31st December, 2006 amounted to approximately HK\$45.7 million and on a 60% basis, approximately HK\$27.4 million is thus preferred dividend income attributable to the Group on an annual basis.

As mentioned above, OPCO's net profit after taxation attributable to the Group for the two years ended 31st March, 2006 and 2007 were HK\$186,000 and HK\$5,052,000 respectively. Assuming such latest income is recurrent and a reliable indicator of OPCO's earnings potential, the combined recurrent income of JVP and OPCO attributable to the Group would be approximately HK\$32.4 million. Based on this combined recurrent income attributable to the Group and the cash consideration of HK\$180 million, such consideration represents a historical and combined price-earnings multiple of approximately 5.6 times. This is however, not comparable to the historical price-earnings multiple of the Company given its net loss position for the year ended 31st December, 2006. It should also be noted that the underlying assumption of price-earnings multiple methodology is that earnings are perpetual whereas in this case, earnings are restricted to the remaining term of the 25-year term of the preference shares. We are of the view that the 5.6 times historical price-earnings multiple as represented by the Consideration is fair and reasonable, so far as Shareholders are concerned, in view of the aforesaid information of the preference shares and the unique business nature of JVP set out below.

The above price-earnings multiple analysis is employed as the underlying investment held by JVP is the unlisted, fixed term and fixed yield preference shares issued by JVCO, under which the income attributable to the Group is represented solely by dividend yields (preferred dividends and if applicable, 50% participation of the ordinary dividends). Our view on the Consideration insofar as the combined net asset value of JVP and OPCO attributable to the Company is concerned is set out in the sub-section above headed “Transaction contemplated and consideration”.

4. The unique business nature of JVP

We have tried to identify companies whose shares are listed on Main Board of the Stock Exchange which are principally engaged in the owning and managing exhibition centres in Hong Kong comparable to that of AsiaWorld-Expo and have found none. The Hong Kong Convention and Exhibition Centre, which has or will have exhibition space totalling approximately 83,400 sq.m., is the closest in terms of being a competitor to AsiaWorld-Expo. The results of The Hong Kong Convention and Exhibition Centre have been consolidated into the accounts of a large property development company, which is not comparable to that of JVP.

The fixed 25-year term (commenced in 2006) of the preference shares means that save and except the possibility of a 50% participation in ordinary dividends, there is little or no commercial “upside” for the Company as a preference shareholder. The Purchaser is a party to a shareholders’ agreement entered into by the Company on 18th July, 2003 and the proposed disposal of the Company’s 60% interest in the shares of JVP is subject to certain restriction, approval and confidentiality requirements between the various stakeholders of JVP and JVCO. It is thus a normal commercial arrangement that the Company is now proposing to exit from its investment in AsiaWorld-Expo with its joint venture partner DHK as the Purchaser.

5. Financial effects and benefit of the transactions

As set out in the “Letter From The Board”, the net investment made by the Company in JVP was approximately HK\$95 million, in addition to a bank loan facility of approximately HK\$128 million (60% attributable share of Loan Facility of HK\$213 million). Upon completion of the Proposed Disposal, the Company will receive cash proceeds of HK\$180 million, which represents a surplus of approximately HK\$32 million over its carrying cost of HK\$147 million as at 31st December, 2006.

The Group consolidated JVP and accounted for OPCO using equity method. Following Completion, each of the assets and liabilities, or income, expenses and cash flow, as the case may be, of JVP will be deconsolidated from the financial statements of the Group and that its 40% investment in OPCO will no longer be equity accounted for as well.

5.1 Possible effects on earnings

The one-off profit of HK\$32 million arising from the Proposed Disposal will be booked by the Group in its current fiscal year ending 31st December, 2007. Upon Completion, JVP will no longer be a subsidiary of the Company and the results of JVP will ceased to be consolidated into the Group's financial statements.

OPCO, which is accounted for as a jointly controlled entity in the Company's 2006 annual report, reported an approximately HK\$4.5 million profit attributable to the Group for the year ended 31st December, 2006 and as set out above, an approximately HK\$5 million net profit attributable to the Group for OPCO's fiscal year ended 31st March, 2007. Such profit will no longer be equity accounted for by the Group.

Going forward, the HK\$180 million cash consideration should generate interest income and if any new investment is made, possible income from such investment.

5.2 Possible effects on net assets

The consolidated net asset value of the Group is expected to increase by HK\$32 million. Other than such expected increase in net asset value, the Proposed Disposal is not expected to have any material impact on the net assets value of the Group.

5.3 Possible effects on liquidity and gearing

Upon completion of the Proposal Disposal, the estimated net proceeds of HK\$179 million will enhance the liquidity of the Group by providing additional cash flow for possible investment opportunities. As set out in the Company's 2006 annual report, the gearing ratio of the Group as at 31st December 2006, which represents the ratio of interest-bearing bank and other borrowings to equity attributable to equity holders of the Company, was 126%. Upon completion of the Proposed Disposal, all the bank loan of JVP, which amounted to approximately HK\$204 million as at 31st December, 2006, will no longer be consolidated into the accounts of the Group. As such, we expect the Group's gearing will be improved accordingly.

LETTER FROM CENTURION

RECOMMENDATION

Having considered the principal factors and reasons set out above, we consider that the terms and conditions of the Proposed Disposal contemplated under the Conditional Sale and Purchase Agreement are on normal commercial terms, are fair and reasonable so far as the Company and Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore, advise the Independent Board Committee to recommend the independent Shareholders to vote in favour of the ordinary resolutions approving the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,
for and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. FINANCIAL INFORMATION OF THE GROUP

A. Indebtedness

As at 31st May, 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had secured bank loans of approximately HK\$872 million.

The maturity of the bank loans is as follows:

	<i>HK\$'000</i>
Within one year	24,459
Between one and two years	38,500
Between two and five years	768,500
Over five years	40,301
	871,760

Among the total borrowings, approximately HK\$705 million was secured by investment properties and guaranteed by the Company, Mr. Peter Fung and Mr. Yu Kwok Chuen, Eddie, a director of the property holding subsidiary of the Company; and approximately HK\$167 million were secured by rental receivables from the investment properties and receivables due from JVCO or any shareholder of JVCO to a subsidiary of the Company.

B. Contingent liabilities

As at 31st May, 2007, the Group has guaranteed a bank to secure the outstanding indebtedness due by a subsidiary in the amount of approximately HK\$704 million.

Furthermore, the Company has guaranteed a financial institution to secure the borrowing facilities available to a wholly-owned subsidiary in the amount not exceeding US\$15 million. No outstanding indebtedness was recorded as at 31st May, 2007.

C. Negative statement

Save as disclosed above, apart from intra-group liabilities, the Group did not have outstanding as at 31st May, 2007 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

D. Working capital

The Board is of the opinion that, based on internally generated funds, the Group has sufficient working capital for its present requirements.

3. DISCLOSURE OF INTERESTS

A. As at the Latest Practicable Date, the interests and the short positions (within the meaning of the SFO) of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

I. Interests in the issued ordinary shares and underlying shares of the Company

Name of Directors	Personal interests	Number of Shares		% of total issued shares
		Other interests	Total	
Lee Seng Hui	–	379,291,800 <i>(Note i)</i>	379,291,800	22.42%
Chan Kin	–	314,900,000 <i>(Note ii)</i>	314,900,000	18.62%
Fung Wing Cheung, Tony	3,328,000	164,926,258 <i>(Note iii)</i>	168,254,258	9.95%
Fung Yiu Fai, Peter	6,500,000	–	6,500,000	0.38%
Lee Yip Wah, Peter	1,550,000	–	1,550,000	0.09%
Albert Ho	672,000	–	672,000	0.02%

Notes:

- i. Lee Seng Hui is one of the trustees of Lee and Lee Trust (“LLT”) which owns 39.09% interests in Allied Group Limited (“AGL”) which holds 379,291,800 Shares. Accordingly, Lee Seng Hui is deemed to have an interest in 379,291,800 Shares.
- ii. Chan Kin owns 44.45% interests in Argyle Street Management Holdings Limited (“ASMH”), which in turn wholly owns Argyle Street Management Limited (“ASM”). ASM manages ASM Hudson River Fund and ASM Asia Recovery (Master) Fund, which holds 44,986,000 Shares and 269,914,000 Shares respectively. Therefore, Chan Kin is deemed to have interests in 314,900,000 Shares.

- iii. Megaland Development Limited (“Megaland”) hold 164,926,258 Shares. Megaland is also wholly owned by Oyster Services Limited, the trustee of the Oyster Unit Trust, which in turn Oyster Services Limited is deemed to be interested in 164,926,258 Shares.

The trust property of the Oyster Unit Trust comprises the entire issued capital of Megaland. The beneficiary of Oyster Unit Trust is HSBC International Trustee Limited which holds the trust property (including the beneficial interest under the Oyster Unit Trust) on trust for the beneficiaries of The Alyssa Js 1 Trust. The beneficiaries of The Alyssa Js1 Trust are, inter alia, Mr. Tony Fung’s children under 18.

As such, Mr. Tony Fung is deemed to be interested in 164,926,258 Shares in which his children under 18 have ultimate beneficial interest under the above arrangement.

II. Interests in the issued ordinary shares and underlying shares of associated corporations

Name of Director	Name of corporation	Number of shares (Note)	
		Interests	% of total issued shares
Fung Wing	Honnex Development Limited	100,000	10.20%
Cheung, Tony	Long Vocation Investments Limited	5	5.55%

Note: These shares are held through Oyster Services Limited, the trustee of the Oyster Unit Trust. The beneficiary of Oyster Unit Trust is HSBC International Trustee Limited which holds the trust property (including the beneficial interest under the Oyster Unit Trust) on trust for the beneficiaries of The Alyssa Js 1 Trust. The beneficiaries of The Alyssa Js 1 Trust are, inter alia, Mr. Tony Fung’s children under 18. As such, Mr. Tony Fung is deemed to be interested in these shares in which his children under 18 have ultimate beneficial interest under the above arrangement

Save as disclosed in this circular, as at the Latest Practicable Date, none of the directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

4. SUBSTANTIAL SHAREHOLDERS

So far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholders	Notes	Capacity	Number of Shares	% of total issued shares
Sun Hung Kai Venture Capital Limited	<i>i</i>	Beneficial owner/ Interest of Controlled corporation	272,856,000	16.13%
Shipshape Investments Limited	<i>i</i>	Interest of Controlled corporation	272,856,000	16.13%
Sun Hung Kai & Co. Limited	<i>i</i>	Beneficial owner/ Interest of Controlled corporation	379,291,800	22.42%
AP Emerald Limited	<i>ii</i>	Interest of Controlled corporation	379,291,800	22.42%
AP Jade Limited	<i>ii</i>	Interest of Controlled corporation	379,291,800	22.42%
Allied Properties (H.K.) Limited	<i>ii</i>	Interest of Controlled corporation	379,291,800	22.42%
Allied Group Limited	<i>ii</i>	Interest of Controlled corporation	379,291,800	22.42%
Lee Su Hwei	<i>iii</i>	Interest of Controlled corporation	379,291,800	22.42%
Lee Seng Huang	<i>iii</i>	Interest of Controlled corporation	379,291,800	22.42%
ASM Asia Recovery (Master) Fund	<i>iv</i>	Beneficial owner/ Interest of Controlled corporation	269,914,000	15.96%
Argyle Street Management Limited	<i>iv</i>	Interest of Controlled corporation	314,900,000	18.62%
Argyle Street Management Holdings Limited	<i>iv</i>	Interest of Controlled corporation	314,900,000	18.62%
HSBC International Trustee Limited	<i>v</i>	Trustee	168,254,258	9.95%
Poly (Hong Kong) Investments Limited	<i>vi</i>	Interest of Controlled corporation	118,080,000	6.98%

Notes:

- i. Sun Hung Kai Venture Capital Limited is a wholly-owned subsidiary of Shipshape Investments Limited which in turn is wholly owned by Sun Hung Kai & Co. Limited. Therefore, Sun Hung Kai & Co. Limited and Shipshape Investments Limited are deemed to have an interest in the Shares in which Sun Hung Kai Venture Capital Limited is interested.
- ii. Sun Hung Kai & Co. Limited is a 65.18% owned subsidiary of AP Emerald Limited. AP Emerald Limited is wholly owned by AP Jade Limited which in turn is a wholly-owned subsidiary of Allied Properties (H.K.) Limited. Allied Properties (H.K.) Limited is a 74.93% owned subsidiary of Allied Group Limited. Accordingly, Allied Group Limited, Allied Properties (H.K.) Limited, AP Jade Limited and AP Emerald Limited are deemed to have an interest in the Shares in which Sun Hung Kai & Co. Limited is interested.
- iii. Lee Su Hwei and Lee Seng Huang are trustees of Lee and Lee Trust which owns 41.25% interests in Allied Group Limited, which holds 379,291,800 Shares. Accordingly, Lee Su Hwei, Lee Seng Huang and Lee and Lee Trust are deemed to have an interest in the said Shares in which Allied Group Limited is interested.
- iv. ASM Asia Recovery (Master) Fund is a fund managed by ASM which is in turn wholly owned by ASMH. Therefore, ASMH and ASM are deemed to have an interest in the Shares in which ASM Asia Recovery (Master) Fund is interested.
- v. Out of these 168,254,258 Shares, 164,926,258 Shares are deemed to be owned by Megaland. The entire issued share capital of Megaland is the trust property of the Oyster Unit Trust. Details are set out in paragraph 2 headed "Disclosure of Interests" above.
- vi. The interests of Poly (Hong Kong) Investments Limited was attributable on account through a number of wholly-owned subsidiaries.

5. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, the interim management agreement between the Company and Yu Ming Investment Management Limited (the "Manager"), of which Mr. Tony Fung and Mr. Peter Fung are shareholders, is effective until the earlier of 1st October, 2007 and the date on which the new management agreement is approved. Pursuant to the interim management agreement, the Manager provides investment management services and administrative services to the Company. In return, the Company shall pay the Manager in cash a management fee equal to 0.375% of the net asset value on 1st July, 2007, which is a normal commercial term negotiated on an arm's length basis. If such an 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.

Save as disclosed above, the Directors confirm that there is no other contract or arrangement subsisting as at the Latest Practicable Date in which any Director is materially interested which is significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS

On 3rd July, 2007, Odelon Limited (a wholly-owned subsidiary of the Company) entered into a conditional sale and purchase agreement with Well Harvest Properties Limited (owned by Mr. Tony Fung and Mr. Peter Fung as to 75% and 25% respectively). According to the agreement, Odelon Limited agreed to sell and Well Harvest Properties Limited agreed to acquire approximately 61.22% of the entire issued share capital of Honnex Development Limited at a consideration of HK\$372 million in cash, conditional upon the approval of the independent shareholders' in the relevant extraordinary general meeting which is expected to be held in August 2007.

Save as disclosed above, as at the Latest Practicable Date, the Directors confirm that none of the Directors has any interest, direct or indirect, in any assets which had been, since 31st December, 2006, being the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. DIRECTORS' SERVICE CONTRACTS

Under the service agreement between the Company and Lee Wa Lun, Warren, he is entitled to an annual remuneration of not less than HK\$2,500,000, comprising a basic monthly salary of HK\$150,000 and 1% of the audited net profit before tax of the Company. The package is determined with reference to his qualifications, experience, years of services with the Company and responsibilities. The term for Mr. Lee's directorship is not specified, but is terminable by either the Company or Mr. Lee giving not less than three months' notice in writing to the other party. He will also be subject to retirement by rotation and re-election pursuant to the Company's articles of association.

Save as disclosed above, none of the Directors has any service contracts with the Company or any of its subsidiaries.

8. COMPETING INTERESTS

During the year ended 31st December, 2006, the following Directors had interests in the following businesses (apart from the Company's businesses) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company conducted during the year required to be disclosed pursuant to rule 8.10 of the Listing Rules on the Stock Exchange:

Name of Directors	Name of company	Nature of interests	Nature of competing business
Fung Wing Cheung, Tony	Friendex Limited	Shareholder	Property
Fung Yiu Fai, Peter	Friendex Limited	Director and shareholder	Property

Mr. Tony Fung and Mr. Peter Fung own 75% and 25% interests respectively in Mega Top Investment Limited, which owns 42.5% interests in Friendex Limited, which owns various shops located on the first floor of Ginza Plaza in Mongkok. The Group owns the second and third floors of Ginza Plaza. First floor of Ginza Plaza was acquired with a leased-back arrangement from the vendor, and shops were of small size. The second and third floors of Ginza Plaza were acquired “whole floor”, and units are of sizeable area.

The Board is of the view that the Group is capable of carrying on its properties investment businesses independently. When making decisions on the properties investment business of the Group, the relevant directors, in the performance of their duties as Directors, have acted and will continue to act in the best interests of the Group.

9. EXPERTS’ DISCLOSURE OF INTEREST AND CONSENT

- A. As at the Latest Practicable Date, Centurion, a licensed corporation under SFO permitted to be engaged in types 1, 4, 6 and 9 of the regulated activities as stipulated in the SFO, had no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- B. As at the Latest Practicable Date, Centurion had no direct or indirect interests in any assets which have since 31st December, 2006 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to or by the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to or by the Company or any of its subsidiaries.
- C. Centurion has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and reference to its name in the form and context in which it appears.

10. PROCEDURE FOR DEMANDING A POLL AT THE EGM

In accordance with the articles of association of the Company, a poll may be demanded at the EGM by:

- A. the chairman of the EGM; or
- B. at least three members present in person or by proxy for the time being entitled to vote at the EGM; or
- C. any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the EGM; or
- D. a member or members present in person or by proxy and holding Shares conferring a right to vote at the EGM being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

11. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

12. MISCELLANEOUS

- A. The Directors are not aware of any material adverse change in the Group's financial or trading position since 31st December, 2006, the date to which the latest published audited consolidated accounts of the Group were made up.
- B. The secretary of the Company is Lee Yip Wah who is a practising solicitor in Hong Kong.
- C. The qualified accountant of the Company is Ms. Chung Wai Han, Christy, who is an associate of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.
- D. The English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (public holidays excepted) at the head office of the Company at Room 1901B, 19th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong up to and including 3rd August, 2007 and at the EGM:

- A. the Conditional Sale and Purchase Agreement;
- B. the letter from Centurion to the Independent Board Committee and the Shareholders as set out on page 10 of this circular;
- C. the interim management agreement referred to in paragraph 5 of this appendix;
- D. the service agreement referred to in paragraph 7 of this appendix;
- E. the written consent referred to in paragraph 10 of this appendix;
- F. the memorandum and articles of association of the Company;
- G. all circulars of the Company issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules which have been issued since 31st December, 2006; and
- H. annual report of the Company for the financial year 2006.



YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong limited liability)

(Stock Code: 666)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Yu Ming Investments Limited (the “Company”) will be held at 4:30 p.m. on 3rd August, 2007 at 1001, 10th Floor, Aon China Building, 29 Queen’s Road Central, Hong Kong for the purposes of considering and, if thought fit, passing (with or without amendments) the following resolutions:

ORDINARY RESOLUTION

“**THAT** the Conditional Sale and Purchase Agreement (as defined in the circular dated 17th July, 2007 (the “Circular”) despatched to the shareholders of the Company together with this notice of extraordinary general meeting), a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for identification purpose, and the transaction contemplated therein be and are hereby generally and unconditional approved and the directors of the Company be and are hereby authorized to do such things as they may consider necessary to give effect to such transaction.”

By Order of the Board

Lee Yip Wah, Peter

Secretary

Hong Kong, 17th July, 2007

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at Secretaries Limited, the share registrars of the Company, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.