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CHEONG MING INVESTMENTS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1196)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF PROPERTIES

Financial adviser to Cheong Ming Investments Limited



Optima Capital Limited

On 2 June 2008, the Vendors, each a wholly-owned subsidiary of the Company, entered into the Agreements respectively with the Purchaser to sell to the Purchaser or companies nominated by him the Properties located in Mai Sik Industrial Building, Nos. 1/11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong for an aggregate cash consideration of HK\$24,740,000.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Purchaser is an executive Director and therefore, a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and is subject to the approval by Independent Shareholders at the SGM to be taken by poll.

An independent board committee has been established to advise and give recommendation to the Independent Shareholders regarding the Agreements. An independent financial adviser has been appointed to advise the independent board committee and the Independent Shareholders on the Agreements.

A circular containing, among other things, (i) further details of the Disposal; (ii) the letter of the independent board committee setting out its opinion on the Agreements and its recommendation to Independent Shareholders; (iii) the letter of the independent financial adviser to the independent board committee and the Independent Shareholders setting out its opinion on the Agreements; and (iv) the notice convening the SGM will be sent to the Shareholders as soon as practicable.

THE FIRST AGREEMENT

Date: 2 June 2008

Parties:

Vendor: Capital Asset Management Limited, a wholly-owned subsidiary of the Company

Purchaser: Mr. Lui Shing Ming Brian, an executive Director

Asset to be disposed of:

Subject to the terms and conditions of the First Agreement, the First Vendor shall sell and the Purchaser or companies nominated by him shall acquire from the First Vendor the First Properties comprising Units A of 2nd, 9th and 10th floors, Units B of 5th, 9th and 10th floors and Car Parks Nos. 4, 11 and 20 on the ground floor located in Mai Sik Industrial Building, Nos. 1/11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong. Further information on the First Properties is set out in the paragraph headed “Information on the Properties” below.

Consideration:

The consideration payable by the Purchaser to the First Vendor amounts to HK\$17,290,000 payable as follows:–

- (i) as to HK\$1,729,000, representing 10% of the consideration, paid on signing of the First Agreement as a refundable deposit, which amount (together with any accrued interest) shall be refunded to the Purchaser if the First Agreement is not completed for any reasons, including but not limited to the conditions to the First Agreement (as described below) not being fulfilled, save by reason of the default of the Purchaser; and
- (ii) as to the balance of HK\$15,561,000 be payable in cash upon Completion.

The consideration was arrived at after arm’s length negotiation between the First Vendor and the Purchaser and by reference to the valuation of the First Properties of HK\$17,290,000 as at 30 April 2008, valued by an independent property valuer appointed by the Company. The First Properties have been valued on market value basis assuming sale with existing tenancies and by using the investment approach.

THE SECOND AGREEMENT

Date: 2 June 2008

Parties:

Vendor: Cheong Ming Press Factory Limited, a wholly-owned subsidiary of the Company

Purchaser: Mr. Lui Shing Ming Brian, an executive Director

Asset to be disposed of:

Subject to the terms and conditions of the Second Agreement, the Second Vendor shall sell and the Purchaser or companies nominated by him shall acquire from the Second Vendor the Second Properties comprising Unit A of 6th floor, Units B of 6th and 13th floors located in Mai Sik Industrial Building, Nos. 1/11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong. Further information on the Second Properties is set out in the paragraph headed “Information on the Properties” below.

Consideration:

The consideration payable by the Purchaser to the Second Vendor amounts to HK\$7,450,000 payable as follows:–

- (i) as to HK\$745,000, representing 10% of the consideration, paid on signing of the Second Agreement as a refundable deposit, which amount (together with any accrued interest) shall be refunded to the Purchaser if the Second Agreement is not completed for any reasons, including but not limited to the conditions to the Second Agreement (as described below) not being fulfilled, save by reason of the default of the Purchaser; and
- (ii) as to the balance of HK\$6,705,000 be payable in cash upon Completion.

The consideration was arrived at after arm’s length negotiation between the Second Vendor and the Purchaser and by reference to the valuation of the Second Properties of HK\$7,450,000 as at 30 April 2008, valued by an independent property valuer appointed by the Company. The Second Properties have been valued on market value basis assuming sale with existing tenancies and by using the investment approach.

OTHER PRINCIPAL TERMS OF THE AGREEMENTS

The Properties are currently charged to a bank mortgagee to secure general banking facilities granted to the Group. The Properties will be sold free from the existing mortgages.

The Properties will be sold subject to existing lettings to Independent Third Parties. The rental deposits held by the Vendors in respect of such lettings are to be transferred to the Purchaser upon Completion. The Purchaser agrees to indemnify and keep indemnified each of the Vendors against any claims by the tenants for the refund of such rental deposits to them.

The First Properties are agreed to be sold to the Purchaser subject to an existing building order for the repair or replacement of loose and defective windows frame and glazing in respect of Unit A on the 10th floor of the First Properties. The Second Properties are agreed to be sold to the Purchaser subject to an existing building order for the repair or replacement of loose and defective windows frame and glazing in respect of Unit A on the 6th floor of the Second Properties. All costs for compliance with and discharge of the aforesaid building orders are to be borne by the First Vendor and Second Vendor respectively.

CONDITIONS OF EACH OF THE AGREEMENTS

Completion of each of the Agreements is conditional upon the following:

- (1) approval to the sale of the subject properties (i.e., the First Properties in respect of the First Agreement and the Second Properties in respect of the Second Agreement) and all transactions contemplated under the relevant Agreement by the Independent Shareholders is given by way of a majority vote at the SGM in accordance with the Listing Rules; and
- (2) compliance with all requirements (if any) of the Listing Rules as are applicable to the sale of the subject properties (i.e., the First Properties in respect of the First Agreement and the Second Properties in respect of the Second Agreement) and all transactions contemplated under the relevant Agreement,

by not less than seven business days before 31 July 2008 (or such later date as the relevant Vendor and the Purchaser may agree in writing) (the “Long Stop Date”). The vote by the Independent Shareholders at the SGM will be taken by poll.

The Agreements are not inter-conditional upon each other. If the above conditions for completion of any of the Agreements shall not be fulfilled by the Long Stop Date, either party to such Agreement may by notice in writing to the other forthwith determine the sale and purchase as contemplated under such Agreement whereupon the sale and purchase as contemplated under such Agreement shall from the date of such determination be null and void and of no further effect and none of the parties shall have any obligations and liabilities or any claim against the other under such Agreement.

Completion of each of the Agreements will take place within 7 business days after the date of fulfilment of the above conditions for completion (or such other date as the relevant Vendor and the Purchaser may agree).

INFORMATION ON THE PROPERTIES

The Properties are held by the Vendors for rental use. The Properties are industrial premises with an aggregate gross floor area of approximately 59,000 sq. ft., comprising approximately 41,000 sq. ft. for the First Properties and approximately 18,000 sq. ft. for the Second Properties. The aggregate gross rental income generated from the Properties for the year ended 31 March 2008 amounted to approximately HK\$2.2 million (2007: approximately HK\$2.0 million) and net income (after deducting all outgoings, expenses and taxes) contributed to the Group for the same year amounted to approximately HK\$1.6 million (2007: approximately HK\$1.4 million).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries comprise manufacture and sale of paper cartons, children's novelty books, hangtags, labels, shirt paper boards and plastic bags and commercial printing, property holding and investment, and investments holding. The operating environment for the manufacturing business of the Group in the PRC has been increasingly difficult with the introduction of the new PRC labour law with effect from 1 January 2008 and the appreciation of the PRC Renminbi against the United States currency. The printing industry in the PRC has seen escalating production costs and decreasing profit margin in the past year. In view of this, the Company has been exploring other business opportunities and propositions that will deliver long-term sustainable growth for the Group, with a view to reducing the Group's reliance on manufacturing activities. To this end, the Company proposes to redeploy its assets and realise its investment in the Properties to make funds available for other business investments when suitable opportunities arise. The Properties were used to be occupied by the Group for its own manufacturing facilities, but had become surplus to its need when the Group had relocated all its manufacturing facilities to the PRC in the late 1990's. The Disposal will generate estimated net proceeds of about HK\$24.3 million, which shall be used for funding the new business development of the Group in future and enhancing the working capital of the Group. As at the date of this announcement, no investment targets have been identified. The Consideration is equivalent to the unaudited carrying value of the Properties, as measured using the fair value, in the management accounts of the Group as at 30 April 2008.

Save for the professional fees and expenses (excluding the expenses relating to existing building orders of approximately HK\$2,000 as mentioned in the section headed “Other principal terms of the Agreements” above) incurred or to be incurred by the Company relating and incidental to the Agreements (which are estimated to amount to approximately HK\$440,000), completion of the Agreements will not give rise to any profit or loss over the carrying values of the Properties for the Group. The Directors (excluding the independent non-executive Directors) consider that the terms of the Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The view of the independent non-executive Directors will be included in the circular of the Company as referred to below.

LISTING RULES IMPLICATIONS

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Purchaser is an executive Director and therefore, a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and is subject to the approval by Independent Shareholders at the SGM to be taken by poll. As at the date of this announcement, the Purchaser and his associates are interested in a total of 323,970,036 Shares, representing approximately 53.18% of the existing share capital of the Company. The Purchaser and his associates will abstain from voting in respect of the proposed ordinary resolutions to approve the Agreements and the transactions contemplated therein at the SGM under the Listing Rules.

An independent board committee comprising the three independent non-executive Directors, namely Dr. Lam Chun Kong, Mr. Lo Wing Man and Dr. Ng Lai Man Carmen has been established to advise and give recommendation to the Independent Shareholders regarding the Agreements. Hercules Capital Limited has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders on the Agreements. A circular containing, among other things, (i) further details of the Disposal; (ii) the letter of the independent board committee setting out its opinion on the Agreements and its recommendation to Independent Shareholders; (iii) the letter of the independent financial adviser to the independent board committee and the Independent Shareholders setting out its opinion on the Agreements; and (iv) the notice convening the SGM will be sent to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the same meanings as set out below:–

“Agreements”	the First Agreement and the Second Agreement
“associates”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Cheong Ming Investments Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal under the Agreements
“connected person”	has the meaning as ascribed to it in the Listing Rules
“Consideration”	HK\$24,740,000, being the aggregate amount of money payable to the Vendors by the Purchaser for the Properties
“Directors”	directors of the Company
“Disposal”	the proposed disposal of the Properties by the Vendors
“First Agreement”	the sale and purchase agreement dated 2 June 2008 entered into between the First Vendor and the Purchaser pursuant to which the First Vendor has agreed to sell and the Purchaser has agreed to purchase the First Properties
“First Properties”	Units A of 2nd, 9th and 10th floors, Units B of 5th, 9th and 10th floors and Car Parks Nos. 4, 11 and 20 on the ground floor located in Mai Sik Industrial Building, Nos. 1/11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong
“First Vendor”	Capital Asset Management Limited, a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“Independent Shareholders”	Shareholders other than the Purchaser and his associates
“Independent Third Party”	a party who is a third party independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Properties”	the First Properties and Second Properties
“Purchaser”	Mr. Lui Shing Ming Brian, the purchaser of the Properties and an executive Director
“Second Agreement”	the sale and purchase agreement dated 2 June 2008 entered into between the Second Vendor and the Purchaser pursuant to which the Second Vendor has agreed to sell and the Purchaser has agreed to purchase the Second Properties
“Second Properties”	Unit A of 6th floor and Units B of 6th and 13th floors located in Mai Sik Industrial Building, Nos. 1/11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong
“Second Vendor”	Cheong Ming Press Factory Limited, a wholly-owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be convened to approve the Agreements and transactions contemplated therein
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholders”	holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor(s)”	together, First Vendor and Second Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Cheong Ming Investments Limited
Lui Chi
Chairman

Hong Kong, 3 June 2008

As at the date of this announcement, the executive Directors are Mr. Lui Chi, Mr. Lui Shing Ming Brian, Mr. Lui Shing Cheong and Mr. Lui Shing Chung Victor and the independent non-executive Directors are Dr. Lam Chun Kong, Mr. Lo Wing Man and Dr. Ng Lai Man Carmen.