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## HISTORY AND BACKGROUND OF YU MING

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### Introduction

Yu Ming is a financial advisory services provider. Yu Ming first obtained licenses to carry on investment adviser and dealer activities by the SFC on 25 March 1997 and 9 August 1997 respectively, and has been licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO in Hong Kong since 6 December 2005. During the Track Record Period, Yu Ming focused on provision of corporate finance advisory services and asset management services.

### History

The history of Yu Ming can be traced back to 4 July 1996 when it was set up by Mr. Fung Wing Cheung, Tony (“**Mr. Tony Fung**”) and Mr. Fung Yiu Fai, Peter (“**Mr. Peter Fung**”) with Mr. Warren Lee as one of its founding directors. Since its incorporation and up to 7 June 2007, Yu Ming was owned as to 25% by Mr. Peter Fung and 75% by Oyster Services Limited, which according to disclosures in the annual report of SHK, was in turn owned by a trust the beneficiaries of which were Mr. Tony Fung’s children.

On 25 March 1997 and 9 August 1997 Yu Ming obtained the license from the SFC to carry out investment adviser and dealer activities respectively and commenced business.

In July 1998 with a view to explore the PRC market, Yu Ming set up Hua Yu with Hua Jian International Finance Company Limited (“**Hua Jian**”), with Yu Ming holding 91% of the shareholding and Hua Jian holding the rest.

On 24 August 2007, Allied Group, through its wholly-owned subsidiary, the Vendor, acquired the entire issued shares of Yu Ming at the aggregate consideration of HK\$11,000,000. Yu Ming has since remained as an indirect wholly-owned subsidiary of Allied Group up to the Latest Practicable Date.

Allied Group is a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board (stock code: 373). Allied Group is primarily an investment holding company, with a stated strategy of focusing its management and financial resources on its core businesses of property investment and development and financial services together with elderly care services, and is, as at the Latest Practicable Date, owned as to 74.95% by Lee & Lee Trust (inclusive of Mr. Lee Seng Hui’s personal interest), of which Mr. Lee Seng Hui, Mr. Lee Seng Huang and Ms. Lee Su Hwei are the trustees.

Throughout the Track Record Period and up to the Latest Practicable Date, Yu Ming has been principally engaged in (i) providing corporate finance advisory services to listed companies, shareholders of and investors and potential investors in listed issuers and other entities on matters related to the Listing Rules, the GEM Listing Rules and the Takeovers Code as well as fund raising activities; and (ii) investment management services to SHK, a company listed on the Main Board under Chapter 21 of the Listing Rules.

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After its acquisition of Yu Ming, Allied Group reviewed the business strategy of Yu Ming and decided to focus on domestic corporate finance advisory and asset management services of Yu Ming and cease the PRC related business of Hua Yu. As a result, Yu Ming disposed of all its shares in Hua Yu on 27 September 2007 as to 308,000 shares to Mr. Leong Chi Wai (“**Mr. Leong**”), an independent third party at the time of the disposal, 137,500 shares to Yu Ming Property Management Limited (“**YMP**”, a company held at the time as to 75% by Mr. Tony Fung and 25% by Mr. Peter Fung, founders of Yu Ming), 27,500 shares to Mr. Warren Lee and 27,500 shares to Mr. Wang Yinan, both then directors of Hua Yu for a total consideration of HK\$500,500.

In 2011, in view to mitigate Yu Ming’s licensing requirement (minimum requirement of two Responsible Officers) risk and potential development of Yu Ming’s business, Yu Ming explored cooperation with Hua Yu and/or its controlling shareholder, Mr. Leong. Yu Ming entered into an agreement with Mr. Leong in March 2011 to acquire all the shares he held in Hua Yu, representing 65% of the total issued shares of Hua Yu at the consideration of HK\$1,500,000. The change in substantial shareholder of Hua Yu was approved by the SFC on 13 March 2012 and completion of the said acquisition took place on 2 May 2012.

On 12 November 2012, Mr. Tony Fung and Mr. Peter Fung, the controlling shareholder of YMP, planned to retire from the financial services industry and decided to dispose of all their shareholding in Hua Yu at a nominal amount of HK\$25,000 to Mr. Leong, who was one of the first employees of Yu Ming at its commencement of business in 1997, upon which Hua Yu became owned as to 65% by Yu Ming, 25% by Mr. Leong, 5% by Mr. Warren Lee and 5% by Mr. Wang Yinan. Hua Yu was the investment manager to Incutech Investments Limited (now known as DT Capital Limited) (“**Incutech**”), which is a company listed under Chapter 21 of the Listing Rules and trading of which shares was suspended from June 2008. With Incutech’s resumption of trading in September 2014, it was expected that its investment activities would substantially increase, which may lead to a potential conflict of interest with Yu Ming’s asset management business. In order to avoid such scenario, Yu Ming decided to dispose of all its interest in Hua Yu, representing 65% of the total issued shares of Hua Yu, to Mr. Leong, the original controlling shareholder before its acquisition by Yu Ming in 2012, and all the shares Yu Ming held in Hua Yu were sold to Luck Point Company Limited, a company owned by Mr. Leong, on 5 May 2015.

For each of the three years ended 31 December 2018, revenue generated by Yu Ming’s corporate finance advisory business and asset management business amounted to approximately HK\$58.7 million, HK\$72.6 million and HK\$58.6 million respectively.

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### Milestones

Set out below are the major milestones of Yu Ming's business since its establishment and up to the Latest Practicable Date:

- 1996 incorporated in Hong Kong
- 1997 licensed by the SFC to carry on investment advisor and dealer activities
- 1997 appointed as the investment manager of SHK (formerly known as Yu Ming Investments Limited)
- 1998 Set up Hua Yu
- 2005 licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
- 2007 Disposal of all interest in Hua Yu
- 2012 Completed acquisition of controlling interest in Hua Yu, which was then licensed to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO in Hong Kong
- 2015 Disposal of all interest in Hua Yu

### Corporate Development

The following sets out Yu Ming's establishment, commencement of business and material changes in shareholdings.

#### Yu Ming

Yu Ming was incorporated in Hong Kong with limited liability on 4 July 1996 under the Predecessor Companies Ordinance under the name of "Sun Hung Kai Industries Management Limited", with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, and was owned as to 25% by Mr. Peter Fung and 75% by Oyster Services Limited as mentioned above.

On 24 February 1997, the authorised share capital of Yu Ming was increased from HK\$10,000 to HK\$100,000 and its paid up capital was also increased to HK\$100,000 on the same day by the issue of 99,900 new shares of HK\$1.00 each fully paid up.

On 27 March 1997, Sun Hung Kai Industries Management Limited resolved to change its name to the present name of Yu Ming Investment Management Limited.

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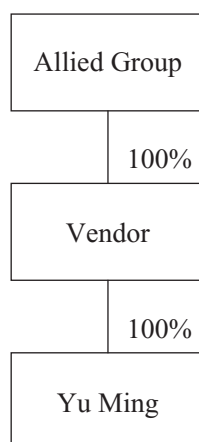
On 9 June 2000, Yu Ming increased its authorised share capital from HK\$100,000 to HK\$5,000,000 and its paid up capital was also increased to HK\$5,000,000 on the same day by the issue of 4,900,000 new shares of HK\$1.00 each fully paid up.

On 13 October 2006, Yu Ming further increased its authorised share capital from HK\$5,000,000 to HK\$10,000,000 and its paid up capital was also further increased to HK\$10,000,000 by the issue of 5,000,000 new shares of HK\$1.00 each fully paid up.

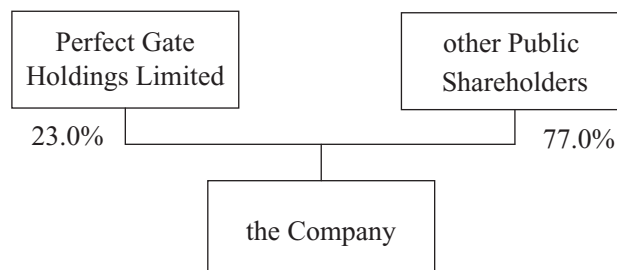
On 24 August 2007, Allied Group, through its wholly-owned subsidiary, (i.e. the Vendor), acquired the entire issued shares of Yu Ming at a consideration of HK\$11,000,000, which was determined with reference to Yu Ming's consolidated net asset value at the time. As at the Latest Practicable Date, Yu Ming remains as an indirect wholly-owned subsidiary of Allied Group.

### Upon Resumption

As at the Latest Practicable Date, the shareholding and corporate structure of Yu Ming is as follows:



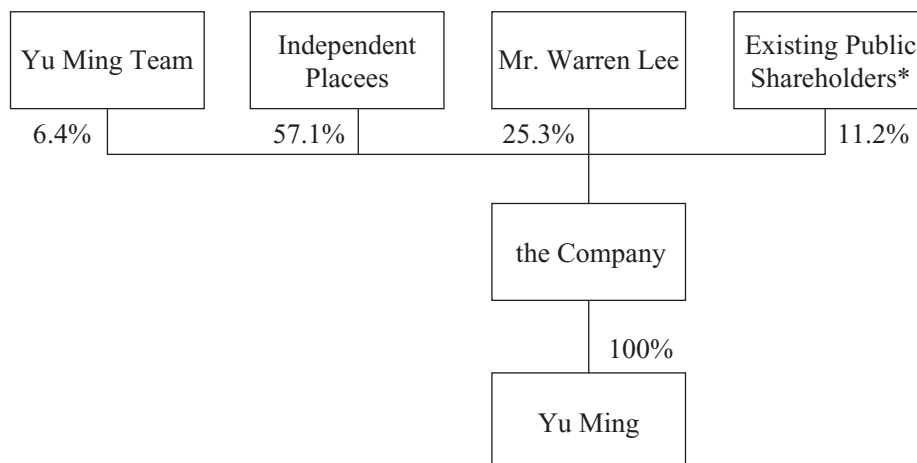
As at the Latest Practicable Date, the shareholding of the Company is as follows:



Upon completion of the Capital Reorganisation, the Company proposed to carry out the YM Subscription, the New Placing, the Acquisition and the Public Offer with the Preferential Offering.

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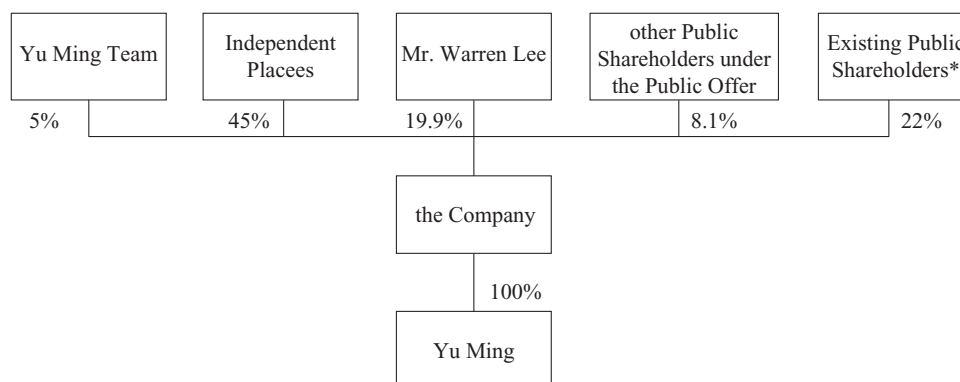
The diagram below illustrates the shareholding and corporate structure of the Company upon completion of the YM Subscription and the New Placing:



\* including Perfect Gate Holdings Limited

The diagrams below illustrate the shareholding and corporate structure of the Company upon Acquisition Completion and completion of the YM Subscription, the New Placing and the Public Offer, assuming (a) all of the Qualifying Shareholders take up their Assured Entitlement under the Preferential Offering in full; and (b) none of the Qualifying Shareholders take up their Assured Entitlement under the Preferential Offering, respectively:

(i) *all Qualifying Shareholders take up their Assured Entitlement under the Preferential Offering in full*



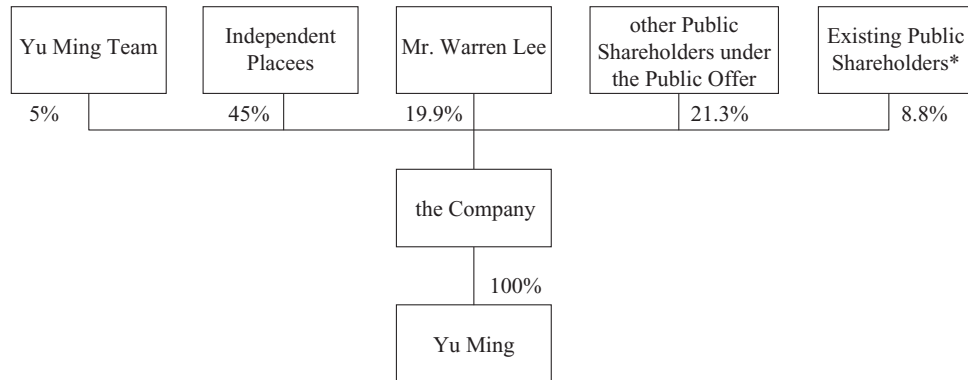
\* including Perfect Gate Holdings Limited

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(ii) none of the *Qualifying Shareholders* take up any of their *Assured Entitlement* under the *Preferential Offering*



\* including Perfect Gate Holdings Limited