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**SHANGHAI MING YUAN HOLDINGS LIMITED**

**上海銘源控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**Financial Adviser**

**Henco & Associates**

**Henco Capital Limited**

**DISCLOSEABLE TRANSACTIONS  
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
GIANT POWER INTERNATIONAL LIMITED  
INVOLVING ISSUE OF NEW SHARES**

**AND**

**SUPPLEMENTAL AGREEMENT IN RELATION TO  
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
FIELDCROWN INVESTMENTS LIMITED  
INVOLVING ISSUE OF NEW SHARES**

**AND**

**GENERAL MANDATE TO ISSUE SHARES**

**Acquisition of Giant Power**

Further to the announcement of the Company dated 25 November 2002, the Directors are pleased to announce that the Sale and Purchase Agreement was entered into between Mr. Lee, Fun Area and Taiwan Heng King on 22 January 2003. Pursuant to the Sale and Purchase Agreement, Fun Area agreed to purchase and Mr. Lee agreed to sell the entire issued share capital in Giant Power. Taiwan Heng King is the guarantor to Mr. Lee to guarantee all the obligations and liabilities of Mr. Lee in relation to the Sale and Purchase Agreement.

The consideration for the acquisition of Giant Power is HK\$40,000,000, which will be satisfied by the issue and allotment by the Company of 40,000,000 new Shares at an issue price of HK\$1.00 each for the completion of the acquisition of Giant Power. A refundable deposit of HK\$4,000,000 in cash, which has been paid by Fun Area to Mr. Lee on the signing of the Letter Of Intent and was financed by internal resources of the Company, will be refunded to the Company upon completion of the acquisition of Giant Power.

Completion of the acquisition of Giant Power will take place within 5 business days following the fulfillment of all the conditions as set out in the Sale and Purchase Agreement provided that such date is not later than 23 May 2003 (or such later day as the parties may agree in writing).

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the GP Consideration Shares.

### **Acquisition of Fieldcrown**

Further to the announcement of the Company dated 13 December 2002 and the circular of the Company to the Shareholders dated 30 December 2002, as Mr. Zhou and Fun Area agree to amend certain terms of the Share Transfer Agreement including, among others, the payment method for the remaining balance of the consideration for the acquisition of Fieldcrown, the Directors are pleased to announce that the Supplemental Agreement was entered into between Mr. Zhou and Fun Area on 23 January 2003 and as at the date of this announcement, all the conditions to the acquisition of Fieldcrown, except the granting of approval by the Stock Exchange regarding the listing of and the permission to deal in the FI Consideration Shares, have been fulfilled. Upon receiving of the relevant approvals from the Stock Exchange, the Company will proceed to completion of the acquisition of Fieldcrown immediately.

The consideration for the acquisition of Fieldcrown is HK\$38,000,000, which has been partly satisfied by a refundable deposit of HK\$5,000,000 in cash, which was financed by internal resources of the Company and was paid on the signing of the Share Transfer Agreement. Pursuant to the Supplemental Agreement, the remaining balance of the consideration of HK\$33,000,000 for the acquisition of Fieldcrown will be satisfied by HK\$20,000,000 in cash financed by internal resources of the Company and the issue and allotment by the Company of 13,000,000 new Shares at an issue price of HK\$1.00 each for the completion of acquisition of Fieldcrown.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the FI Consideration Shares.

The market value of the GP Consideration Shares and the FI Consideration Shares based on the closing price of HK\$1.19 per Share as at 22 January 2003, being the last trading day prior to the suspension of trading in the Shares, were HK\$47,600,000 and HK\$15,470,000 respectively.

### **General mandate to issue Shares**

In order to provide more flexibility to the Company to issue new Shares, the Directors propose to put forward an ordinary resolution at a special general meeting seeking approval from the Shareholders to grant to the Directors a general mandate to issue up to 20 per cent. of the Shares in issue at the date of the special general meeting.

The acquisition of Giant Power constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing further details of the Sale and Purchase Agreement, the granting of general mandate to issue Shares and a notice convening a special general meeting will be despatched to Shareholders as soon as practicable.

Trading in Shares was suspended at the request of the Company with effect from 9:30 a.m. on 23 January 2003 pending the publication of this announcement and the Company has applied for resumption of trading in Shares with effect from 9:30 a.m. on 27 January 2003.

## **ACQUISITION OF GIANT POWER**

Further to the announcement of the Company dated 25 November 2002, the Directors are pleased to announce that the Sale and Purchase Agreement was entered into between Mr. Lee and Fun Area on 22 January 2003. Pursuant to the Sale and Purchase Agreement, Fun Area agreed to purchase and Mr. Lee agreed to sell the entire issued share capital in Giant Power.

**Parties**

- Vendor: Mr. Lee, the beneficial owner of the entire issued share capital of Giant Power and an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules)
- Purchaser: Fun Area, a wholly-owned subsidiary of the Company
- Guarantor: Taiwan Heng King, a private company incorporated in Taiwan to guarantee all the obligations and liabilities of Mr. Lee in relation to the Sale and Purchase Agreement and is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Listing Rules); Mr. Lee is one of the major shareholders of Taiwan Heng King

**Date of the Sale and Purchase Agreement**

22 January 2003

**Terms of the Sale and Purchase Agreement**

Fun Area agreed to purchase and Mr. Lee agreed to sell his beneficially owned 1 ordinary share of US\$1.00 in Giant Power, representing the entire issued share capital of Giant Power, pursuant to the terms and conditions of the Sale and Purchase Agreement.

Giant Power is an investment holding company incorporated in the British Virgin Islands which will hold the entire equity interest in Shanghai Heng King. The audited net loss for the year ended 31 December 2001 and the audited net asset value as at 31 December 2001 of Shanghai Heng King were approximately RMB1,267,000 and RMB3,376,000 respectively.

Giant Power has not prepared any audited or unaudited management accounts since its incorporation on 22 October 2002. Based on the estimated market value of approximately HK\$42,000,000 of Heng King Tower located at 40 Jiang Su Lu, Chang Ning Qu, Shanghai, PRC as mentioned in the announcement of the Company dated 25 November 2002, the consideration payable by Fun Area for the acquisition of Giant Power represents a discount of 4.76% to the estimated market value of Heng King Tower.

Mr. Lee is an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules).

**Consideration**

The consideration for the acquisition of Giant Power is HK\$40,000,000, which will be satisfied by the issue and allotment by the Company of 40,000,000 new Shares at an issue price of HK\$1.00 each for the completion of acquisition of Giant Power. A refundable deposit of HK\$4,000,000 in cash, which has been paid on the signing of the Letter Of Intent and was financed by internal resources of the Company, will be refunded without interest to the Company upon completion of the acquisition of Giant Power.

As agreed and stated in the Sale and Purchase Agreement, in the event that Mr. Lee fails to perform all the conditions set out under the Sale and Purchase Agreement on or before 23 May 2003 (or such later day as the parties may agree in writing) pursuant to the Sale and Purchase Agreement, or that Mr. Lee has fulfilled all the conditions as set out in the Sale and Purchase Agreement but refuses to perform the Sale and Purchase Agreement with Fun Area on or before 23 May 2003 (or such later day as the parties may agree in writing) pursuant to the Sale and Purchase Agreement, the refundable deposit of HK\$4,000,000 will be refunded in full to the Company together with a further HK\$4,000,000 payable to Fun Area by Mr. Lee as penalty payment. Only in the event that the Shares are no longer listed on the Stock Exchange for the period of time before the completion of the acquisition of Giant Power pursuant to the Sale and Purchase Agreement, the refundable cash deposit of HK\$4,000,000 will not be refunded to Fun Area by Mr. Lee.

The issue price of HK\$1.00 for each GP Consideration Share is equivalent to a discount of 15.97% to the closing price of HK\$1.19 per Share as quoted on the Stock Exchange on 22 January 2003, being the date of the Sale and Purchase Agreement and is equivalent to a discount of 12.51% to the average closing price of the Shares of HK\$1.143 on the Stock Exchange for the last 10 trading days ended 22 January 2003.

The GP Consideration Shares represent approximately 9.53% of the total number of existing issued shares of the Company and approximately 8.70% of the total number of issued shares of the Company as enlarged by the issue of the GP Consideration Shares.

The GP Consideration Shares will be issued under the general mandate duly granted and approved by the Shareholders at the annual general meeting of the Company held on 28 May 2002. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the GP Consideration Shares.

The consideration for the acquisition of Giant Power was determined based on arm's length negotiation between Fun Area and Mr. Lee. The Directors consider that the terms of the acquisition of Giant Power including the consideration thereof to be fair and reasonable as far as the Shareholders are concerned and that the acquisition of Giant Power is in the interest of the Company.

### **Conditions**

Completion of the acquisition of Giant Power is conditional upon satisfaction of certain condition including, among other things:

1. Fun Area being satisfied with the due diligence exercise to be conducted on Giant Power and Shanghai Heng King;
2. the transfer of the shareholding of Shanghai Heng King, presently a sino-foreign cooperative joint venture in Shanghai principally engaging in properties investment business which is currently owned by Taiwan Heng King, from Taiwan Heng King to Giant Power and obtaining approvals from relevant authorities in the PRC;
3. obtaining approvals from relevant regulatory authorities in the PRC regarding the transformation of Shanghai Heng King from a sino-foreign cooperative joint venture to a wholly foreign-owned enterprise;
4. a legal opinion issued by a qualified PRC lawyer acceptable to Fun Area confirming, among others, the formalities regarding the incorporation of Shanghai Heng King and its operations and the legal titles and beneficial interests of Shanghai Heng King in Heng King Tower;

5. all authorisation, consents and approvals which shall be necessary for the acquisition of Giant Power and to the other matters contemplated by the Sale and Purchase Agreement being obtained from appropriate governments, governmental and regulatory bodies and all such authorisations, consents and approvals remaining in full force and effective on Completion; and
6. the Stock Exchange granting the listing of, and permission to deal in, the GP Consideration Shares.

### **Completion**

Completion of the acquisition of Giant Power will take place within 5 business days following the fulfillment of all the conditions as set out in the Sale and Purchase Agreement provided that such date is not later than 23 May 2003. If the conditions are not satisfied on or before the date specified above or waived at the discretion of Fun Area (or such later date as Mr. Lee and Fun Area may agree in writing), the Sale and Purchase Agreement shall lapse.

### **Reasons for and benefits of the acquisition of Giant Power**

The Group is principally engaged in the property trading and investment. The Directors consider that the acquisition of Giant Power is in line with the Group's business strategy and will allow the Group to further diversify its investments in the PRC. The board of Directors, including independent non-executive Directors, are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable as far as the Shareholders are concerned and that the acquisition of Giant Power is in the interest of the Company.

### **ACQUISITION OF FIELDCROWN**

Further to the announcement of the Company dated 13 December 2002 and the circular of the Company to the Shareholders dated 30 December 2002, the Directors are pleased to announce that the Supplemental Agreement was entered into between the Mr. Zhou and Fun Area on 23 January 2003 and as at the date of this announcement, all the conditions to the acquisition of Fieldcrown, except the granting of approval by the Stock Exchange regarding the listing of and the permission to deal in the FI Consideration Shares, have been fulfilled. Upon receiving of the relevant approvals from the Stock Exchange, the Company will proceed to completion of the acquisition of Fieldcrown immediately.

### **Supplemental Agreement**

Pursuant to the Supplemental Agreement, Mr. Zhou and Fun Area agree to amend certain terms of the Share Transfer Agreement including, among others, the payment method for the remaining balance of the consideration for the acquisition of Fieldcrown.

### **Satisfaction of the remaining balance of the consideration for the acquisition of Fieldcrown**

According to the Share Transfer Agreement, the consideration for the Acquisition is HK\$38,000,000, which has been partly satisfied by a refundable deposit of HK\$5,000,000 in cash, which was financed by internal resources of the Company and was paid on the signing of the Share Transfer Agreement, and the remaining balance of HK\$33,000,000 shall be satisfied in full, under the Share Transfer Agreement, by either:

- (i) cash, which is to be financed by internal resources of the Company; or
- (ii) the issue by the Company of convertible note in the principal amount of HK\$33,000,000 to Mr. Zhou and/or his nominee(s).

Pursuant to the Supplemental Agreement, Mr. Zhou and Fun Area have agreed that the remaining balance of the consideration of HK\$33,000,000 for the acquisition of Fieldcrown shall be satisfied by HK\$20,000,000 in cash financed by internal resources of the Company and the issue and allotment by the Company of 13,000,000 new Shares at an issue price of HK\$1.00 each for the completion of acquisition of Fieldcrown.

The issue price of HK\$1.00 for each FI Consideration Share is equivalent to a discount of 15.97% to the closing price of HK\$ 1.19 per Share as quoted on the Stock Exchange on 22 January 2003, being the last trading day immediately preceding the date of the Supplemental Agreement and is equivalent to a discount of 12.51% to the average closing price of the Shares of HK\$1.143 on the Stock Exchange for the last 10 trading days ended 22 January 2003.

The FI Consideration Shares represent approximately 3.1% of the total number of existing issued shares of the Company and approximately 3.0% of the total number of issued shares of the Company as enlarged by the issue of the FI Consideration Shares.

The FI Consideration Shares will be issued under the general mandate duly granted and approved by the Shareholders at the annual general meeting of the Company held on 28 May 2002. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the FI Consideration Shares. Upon receiving of the relevant approvals from the Stock Exchange, the Company will proceed to completion of the acquisition of Fieldcrown immediately.

#### SHAREHOLDING STRUCTURE OF THE COMPANY

The table below shows the shareholding structure of the Company upon the issue of the GP Consideration Shares and the issue of the FI Consideration Shares:

	As at the date of this announcement		Upon issue of the GP Consideration Shares		Upon issues of the GP Consideration Shares and the FI Consideration Shares	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Ming Yuan Investments Group Limited	312,624,443	74.5	312,624,443	68.02	312,624,443	66.15
Mr. Lee	–	–	40,000,000	8.70	40,000,000	8.46
Mr. Zhou	–	–	–	–	13,000,000	2.75
Public Shareholders	106,994,803	25.5	106,994,803	23.28	106,994,803	22.64
	<u>419,619,246</u>	<u>100</u>	<u>459,619,246</u>	<u>100</u>	<u>472,619,246</u>	<u>100</u>

## **GENERAL MANDATE TO ISSUE SHARES**

In order to provide more flexibility to the Company to issue new Shares, the Directors propose to put forward an ordinary resolution at a special general meeting seeking approval from the Shareholders to grant to the Directors a general mandate to issue up to 20 per cent. of the Shares in issue at the date of the special general meeting.

## **GENERAL**

Henco Capital Limited has been appointed as the financial adviser to the Company in respect of the acquisition of Giant Power. The acquisition of Giant Power constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the Sale and Purchase Agreement, the granting of the general mandate to issue Shares and a notice convening a special general meeting will be despatched to Shareholders as soon as practicable.

Trading in Shares was suspended at the request of the Company with effect from 9:30 a.m. on 23 January 2003 pending the publication of this announcement and the Company has applied for resumption of trading in Shares with effect from 9:30 a.m. on 27 January 2003.

## **DEFINITIONS**

“Company”	Shanghai Ming Yuan Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“FI Consideration Share(s)”	13,000,000 Shares to be issued and allotted to Mr. Zhou at an issue price of HK\$1.00 per Share pursuant to the Supplemental Agreement
“Fieldcrown”	Fieldcrown Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Fun Area”	Fun Area Limited, a company incorporated in the British Virgin Island with limited liability and a wholly-owned subsidiary of the Company
“Giant Power”	Giant Power International Limited, a company incorporated in the British Virgin Islands with limited liability
“GP Consideration Share(s)”	40,000,000 Shares to be issued and allotted to Mr. Lee at an issue price of HK\$1.00 per Share pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Heng King Tower”	Heng King International Commercial Tower (漢中皇國際商務大廈) located at 40 Jiang Su Lu, Chang Ning Qu, Shanghai, PRC (上海市長寧區江蘇路40號)
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC

“Letter Of Intent”	the letter of intent dated 22 November 2002 entered into between Fun Area and Mr. Lee pursuant to which Fun Area has in principle agreed to purchase and Mr. Lee has in principle agreed to sell the entire issued share capital of Giant Power
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lee”	Lee Kuan Teik, an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules)
“Mr. Zhou”	Zhou Li Qun, an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules)
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 January 2003 entered into between Fun Area as purchaser and Mr. Lee as vendor in relation to the sale and purchase of the entire issued share capital of Giant Power
“Shanghai Heng King”	Shanghai Heng King International Real Estate Management Company Limited (上海漢中皇國際物業管理有限公司), a sino-foreign cooperative joint venture in Shanghai principally engaging in properties investment business which is currently owned by Taiwan Heng King International Corporation (台灣漢中皇股份有限公司)
“Share(s)”	ordinary shares of HK\$0.25 each in the capital of the Company
“Share Transfer Agreement”	the share transfer agreement dated 12 December 2002 entered into between Fun Area as purchaser and Mr. Zhou as vendor in relation to the sale and purchase of the entire issued share capital of Fieldcrown
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 23 January 2003 entered into between Fun Area and Mr. Zhou relating to the Share Transfer Agreement



Taiwan Heng King

Taiwan Heng King International Corporation (台灣漢中皇股份有限公司), a private company incorporated in Taiwan and is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Listing Rules)

“US\$”

United States dollars, the lawful currency of the United States of America

By Order of the Board  
**Shanghai Ming Yuan Holdings Limited**  
上海銘源控股有限公司\*  
**Chien Hoe Yong**  
*Executive Director*

Hong Kong, 24 January 2003

\* *For identification purposes only*

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