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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 TRANSACTION

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF HD GLOBAL LIMITED INVOLVING ISSUE OF NEW SHARES

ACQUISITION OF HD GLOBAL

The Directors are pleased to announce that the Sale and Purchase Agreement was entered into between the Vendors, PAI as the purchaser and Mr. Lo and Dr. Hu as the guarantors on 12 May 2003. Pursuant to the Sale and Purchase Agreement, PAI agreed to purchase and each of the Vendors agreed to sell their respective shareholdings in HD Global, which together represents the entire issued share capital of HD Global. Mr. Lo and Dr. Hu are the guarantors to the Vendors to jointly and severally guarantee all the obligations and liabilities of the Vendors in relation to the Sale and Purchase Agreement other than the guarantee relating to the Profit Guarantee where the liabilities of Mr. Lo and Dr. Hu are only several.

The consideration for the Acquisition is HK\$45,000,000, which will be satisfied by the issue and allotment by the Company of 225,000,000 new Shares at an issue price of HK\$0.20 each at completion of the Acquisition.

Completion of the Acquisition 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 11 July 2003 (or such later date as the parties may agree in writing).

The HD Group is currently engaged in the researching, developing and commercializing of proteomic products to effectively detect complex diseases mainly cancer and diseases caused by immunological disorder at an early stage, namely protein chip system (the "Protein Chip System"). With the development by proprietary technologies, this Protein Chip System is an innovative parallel cancer detection platform.

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

The market value of the Consideration Shares, with reference to the closing price of HK\$0.19 per Share as at 12 May 2003, were HK\$42,750,000.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

A circular containing, among other things, further details of the Sale and Purchase Agreement, will be dispatched 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 13 May 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 14 May 2003.

ACQUISITION OF HD GLOBAL

The Directors are pleased to announce that the Sale and Purchase Agreement was entered into between the Vendors, PAI as the purchaser and Mr. Lo and Dr. Hu as the guarantors on 12 May 2003. Pursuant to the Sale and Purchase Agreement, PAI agreed to purchase and the Vendors agreed to sell each of their respective shareholdings in HD Global, which together represents the entire issued share capital of HD Global.

Date of the Sale and Purchase Agreement

12 May 2003

Parties

Vendors: WIL, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Mr. Lo
SCL, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Mr. Lo
HGX International, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Dr. Hu

HGX Holdings, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Dr. Hu

WIL, SCL, HGX International and HGX Holdings is interested in 50% (representing 1,000,000 shares), 10% (representing 200,000 shares), 34% (representing 680,000 shares) and 6% (representing 120,000 shares) respectively of the entire issued share capital of HD Global respectively prior to completion of the Acquisition.

Purchaser: PAI, a wholly-owned subsidiary of the Company

Guarantors: Mr. Lo, the beneficial owner of the entire share capital of WIL and SCL, and Dr. Hu, the beneficial owner of the entire share capital of HGX International and HGX Holdings, to jointly and severally guarantee all the obligations and liabilities of the Vendors in relation to the Sale and Purchase Agreement other than the guarantee relating to the Profit Guarantee where the liabilities of Mr. Lo and Dr. Hu are only several. Mr. Lo and Dr. Hu are independent third parties 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)

Terms of the Sale and Purchase Agreement

PAI agreed to purchase and the Vendors agreed to sell their respective beneficially owned 2,000,000 ordinary shares of US\$1.00 each in HD Global, representing the entire issued share capital of HD Global, pursuant to the terms and conditions of the Sale and Purchase Agreement.

Consideration

The consideration for the Acquisition is HK\$45,000,000, which will be satisfied by the issue and allotment by the Company of 225,000,000 new Shares at an issue price of HK\$0.20 each, in which 135,000,000 new Shares will be issued and allotted to Mr. Lo (or his nominee(s)) and 90,000,000 new Shares will be issued and allotted to Dr. Hu (or his nominee(s)) at completion of the Acquisition.

As agreed and stated in the Sale and Purchase Agreement, in the event the conditions are not satisfied or waived on or before 11 July 2003 (or such later date as the parties may agree in writing), the Sale and Purchase Agreement shall lapse.

The issue price of HK\$0.20 for each Consideration Share is equivalent to a premium of 5.26 per cent. to the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on 12 May 2003, being the last trading date prior to the suspension of trading of the Shares on 13 May 2003 and is equivalent to the average closing price of the Shares of approximately HK\$0.20 on the Stock Exchange for the last 10 trading days ended 12 May 2003.

The Consideration Shares represent approximately 10.40 per cent. of the total number of existing issued Shares and approximately 9.42 per cent. of the total number of issued Shares as enlarged by the issue of the Consideration Shares.

The Consideration Shares will be issued under the general mandate duly granted and approved by the Shareholders at the special general meeting of the Company held on 5 March 2003 and will rank *pari passu* in all respects with all other Shares in issue. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The consideration for the Acquisition was determined based on arm's length negotiation between PAI and the Vendors. The consideration was agreed by PAI and Vendors and arrived at based on a prospective PE ratio of 1.5 times with reference to the Profit Guarantee provided by the Vendors, Mr. Lo and Dr. Hu. The Directors consider that the terms of the Sale and Purchase Agreement, including the consideration thereof, to be fair and reasonable as far as the Shareholders are concerned and that the Acquisition is in the interest of the Company.

Upon completion of the Acquisition, HD Global will become an indirect wholly-owned subsidiary of the Company.

Conditions

Completion of the Acquisition is conditional upon the satisfaction of certain conditions including, among other things:

1. PAI being satisfied with the due diligence exercise to be conducted on the paid-up capital and/or capital contribution of HD Global and its subsidiaries being fully paid up by the Vendors;
2. a legal opinion issued by a qualified PRC lawyer acceptable to PAI confirming, among other things, the formalities regarding the incorporation of Shanghai HD, Huzhou HD and Beijing HD, their operations and the legal titles of their properties, including, but not limited to, a manufacturing plant in Huzhou;
3. the 800,000 shares of HD Global, being the total number of shares of HD Global held by HGX International and HDX Holdings, being fully paid up by HGX International and HGX Holdings in an aggregate amount of US\$800,000;
4. the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares; and
5. all authorisations, consents and approvals which shall be necessary for the Acquisition 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 remain in full force and effective on completion of the Acquisition;

PAI may from time to time waive any of the conditions as set out in the Sale and Purchase Agreement (other than conditions (4) and (5) above) by notice to the Vendors, Mr. Lo and Dr. Hu.

Completion

Completion of the Acquisition 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 11 July 2003. If any of the conditions are not satisfied on or before the date specified above or waived at the discretion of PAI (or such later date as the parties may agree in writing), the Sale and Purchase Agreement shall lapse.

The Profit Guarantee

Pursuant to the Profit Guarantee, (i) WIL, SCL and Mr. Lo (together, "Party A") and (ii) HGX International, HGX Holdings and Dr. Hu (together, "Party B") have each guaranteed that the audited consolidated net profit after tax of HD Global prepared in accordance with Generally Accepted Accounting Principles in Hong Kong for the year ended 31 December 2003 (the "Profits") will not be less than HK\$30,000,000. In the event that the Profits falls short of the amount provided under the Profit Guarantee, Party A and Party B are liable to pay to PAI their respective guaranteed portions (being 60 per cent, and 40 per cent, of the profit shortfall respectively) in accordance to their respective aggregate shareholdings in HD Global (being 60 per cent. and 40 per cent. respectively) of the shortfall on a dollar for a dollar basis within 7 business days commencing from the date of the receipt of a written notice from PAI, but in any event such amount shall be not more than an aggregate amount of HK\$30,000,000.

Each of WIL, SCL and Mr. Lo has jointly and severally guaranteed the obligations and liability of Party A in relation to the Profit Guarantee. Each of HGX International, HGX Holdings and Dr. Hu has jointly and severally guaranteed the obligations and liability of Party B in relation to the Profit Guarantee.

INFORMATION ABOUT HD GLOBAL

HD Global is an investment holding company incorporated on 3 August 2001 in the British Virgin Islands which holds, indirectly, 95 per cent. interests in Huzhou HD through Shanghai HD, a wholly-owned subsidiary of HD Global. Dr. Hu is currently the beneficial owner of the remaining 5 per cent. interests in Huzhou HD. Huzhou HD, in turn, holds 80 per cent. interests in Beijing HD and the remaining 20 per cent. interests of Beijing HD is currently held by 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). No production or sale has been conducted by HD Global since its incorporation.

The HD Group is currently engaged in the researching, developing and commercializing of proteomic products to effectively detect complex diseases mainly cancer and diseases caused by immunological disorder at an early stage, namely protein chip system (the "Protein Chip System"). The HD Group obtained from the State Food and Drug Administration of the PRC the "Category 1" approval for the production and use of the Protein Chip System in hospitals, clinics, healthcare centers and cancer institutes across the country. It is also the first and currently the only company with classification of "Category 1" approval to use this technology in the PRC to detect cancer by using proteomic products in a simultaneously method.

The HD Group is also currently conducting research and expanding the development of the protein-based technology to target the detection of abnormal fetal development prior to and during pregnancy and autoimmune diseases.

Information about Protein Chip System

Protein Chip System is a multi-tumor marker detection system, which can provide integrated analytical system for parallel detection of multiple types of cancers by a drop of serum from the patient. It can provide simultaneously testing for multiple patients of up to 40 persons and the results available within two to three hours.

With the development by proprietary technologies, this Protein Chip System is an innovative parallel cancer detection platform.

HD Global has not prepared any audited consolidated accounts since its incorporation. The unaudited net losses of HD Global for the year ended 31 December 2002 and for the period from 1 January 2003 to 31 March 2003 were approximately US\$1,989 and US\$128 respectively. The unaudited net asset value of HD Global as at 31 December 2002 and 31 March 2003 were approximately US\$1,995,944 and US\$1,995,816 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in property trading and investment. Leveraging onto the stable rental income generated from the Group's property investment businesses, the Directors believe that the Acquisition provides an opportunity for the Group to explore and invest in bio-technology businesses in the PRC which has been leading a rapid growth and showing its enormous promising potential driven by the growing market needs, the continuous affluence, the improvement of living standards and the additional concern and attention towards personal health status. Accordingly the Directors believe that the diversification into bio-technology business by the Company will present a niche market particularly in the PRC. The Directors also believe that the Acquisition will allow the Group to further diversify its investments in the PRC and to explore high-growth and profitable business potential in the bio-technology sector.

With the continuous support by the expertise of Dr Hu after completion of the Acquisition, the Company intends to expand the scope of the product portfolio of HD Global by continuously developing new products and applications based on the protein chip technology.

The board of Directors, including independent non-executive Directors, are of the view that the terms of the Sale and Purchase Agreement, including the consideration thereof, are fair and reasonable as far as the Shareholders are concerned and that the Acquisition is in the interest of the Company. There will not be any change in the board composition of the Company upon completion of Acquisition.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below shows the shareholding structure of the Company before and after completion of the Acquisition and the issue of the Consideration Shares:

	As at the date of this announcement and prior to the completion of the Acquisition		Upon completion of the Acquisition	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Ming Yuan Investments Group Limited	1,563,122,215	72.3	1,563,122,215	65.45
Mr. Lo or his nominee(s)	–	–	135,000,000	5.65
Dr. Hu or his nominee(s)	–	–	90,000,000	3.77
Public Shareholders	599,974,015	27.7	599,974,015	25.12
	<u>2,163,096,230</u>	<u>100</u>	<u>2,388,096,230</u>	<u>100</u>

GENERAL

Henco Capital Limited has been appointed as the financial adviser to the Company in respect of the Acquisition. The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

A circular containing, among other things, further details of the Sale and Purchase Agreement will be dispatched 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 13 May 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 14 May 2003.

DEFINITIONS

“Acquisition”	the acquisition by the Company from the Vendors of the entire issued share capital of HD Global pursuant to the Sale and Purchase Agreement
“Beijing HD”	Beijing HealthDigit Co., Ltd, a company established in the PRC principally engaging in the sale of equipment and proteomic products for parallel analysis of protein signals manufactured by Huzhou HD
“Company”	Shanghai Ming Yuan Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the Stock Exchange
“Consideration Shares(s)”	225,000,000 new Shares to be issued and allotted to the Vendors at an issue price of HK\$0.20 per new Share pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Dr. Hu”	Dr. Gengxi Hu, 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)
“Group”	the Company and its subsidiaries
“HD Global”	HD Global Limited, a company incorporated in the British Virgin Islands with limited liability
“HD Group”	HD Global, Shanghai HD, Huzhou HD and Beijing HD
“HGX Holdings”	HGX Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“HGX International”	HGX International Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Huzhou HD”	Huzhou HealthDigit Co., Ltd, a company established in the PRC principally engaging in the manufacture of equipment and proteomic products for parallel analysis of protein signals to effectively detect complex diseases, such as cancer, with the use of self-developed novel biochip technologies
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	Mr. Lo Shing Fung, 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)

“PAI”	Premier Asset Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Profit Guarantee”	the profit guarantee provided to PAI by the Vendors, Mr. Lo and Dr. Hu that the audited consolidated net profit after tax of HD Global prepared in accordance with Generally Accepted Accounting Principles in Hong Kong for the year ended 31 December 2003 will not be less than HK\$30,000,000
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 May 2003 entered into between PAI as purchaser, the Vendors as vendors and, Mr. Lo and Dr. Hu as the guarantors in relation to the sale and purchase of the entire issued share capital of HD Global
“Shanghai HD”	Shanghai HealthDigit Co., Ltd, a wholly foreign-owned company established in the PRC principally engaging in the research, development and commercialization of proteomic products for parallel analysis of protein signals to effectively detect complex diseases, such as cancer, with the use of self-developed novel biochip technologies and providing related technology consultancy services
“Share(s)”	ordinary shares of HK\$0.05 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SCL”	Sunrise City International Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendors”	WIL, SCL, HGX International and HGX Holdings
“WIL”	Winchem International Limited, a company incorporated in the British Virgin Islands with limited liability

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, 13 May 2003

* *For identification purposes only*

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