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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

COMPLETION OF THE SALE AND PURCHASE AGREEMENT AND SUPPLEMENTAL AGREEMENT IN RELATION TO ACQUISITION OF HD GLOBAL LIMITED

The Directors announce that all conditions to the Acquisition under the Sale and Purchase Agreement have been fulfilled on 11 July 2003. Completion of the Sale and Purchase Agreement shall take place within 5 business days following 11 July 2003 which is expected to be on or before 18 July 2003.

The Directors announce that the Supplemental Agreement was entered into between PAI as purchaser, the Vendors, and Mr. Lo and Dr. Hu as the guarantors to the Vendors on 11 July 2003, to vary certain terms of the Sale and Purchase Agreement.

Reference is made to the announcement dated 13 May 2003 (the "Announcement") and the circular dated 30 May 2003 of the Company in relation to the Sale and Purchase Agreement entered into between the Vendors, PAI as the purchaser and Mr. Lo and Dr. Hu as the guarantors to the Vendors on 12 May 2003. Unless the context otherwise requires, terms and expressions defined in the Announcement shall have the same meaning when used in this announcement.

ACQUISITION OF HD GLOBAL

The Directors announce that all conditions to the Acquisition under the Sale and Purchase Agreement have been fulfilled on 11 July 2003. Completion of the Sale and Purchase Agreement shall take place within 5 business days following 11 July 2003, which is expected to be on or before 18 July 2003, in accordance with the provisions of the Sale and Purchase Agreement.

The Directors also announce that a supplemental agreement was entered into between PAI as purchaser, the Vendors, and Mr. Lo and Dr. Hu as the guarantors to the Vendors on 11 July 2003, to vary certain terms of the Sale and Purchase Agreement (the "Supplemental Agreement").

THE SUPPLEMENTAL AGREEMENT

According to the Sale and Purchase Agreement, the consideration for the Acquisition of 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.

It was one of the conditions precedent under the Sale and Purchase Agreement that a PRC legal opinion regarding, among other things, the formalities of incorporation of Shanghai HD, its operations and legal titles of its properties, be issued by a firm of PRC lawyers appointed by the Vendors. The PRC legal adviser advised that Shanghai HD is duly established and validly in existence. The PRC legal adviser further advised that the formality of incorporation of each of Shanghai HD, Huzhou HD and Beijing HD and the operations of each of them are legal, valid and their property title in good title. The PRC legal opinion dated 11 July 2003 also stated that there was an outstanding amount of US\$2,000,000 payable by HD Global to the original shareholders of Shanghai HD (the “Original Shanghai HD Shareholders”), who are parties not connected with the directors, chief executive or substantial shareholders of the Company and any of its subsidiaries or any of their respective associates (as defined in the Listing Rules), under an acquisition agreement dated 10 December 2001 entered into between HD Global and the Original Shanghai HD Shareholders for the acquisition of all the assets of Shanghai HD from the Original Shanghai HD Shareholders. In view of that such outstanding amount of USD 2,000,000 was incurred by HD Global at the time when HD Global was owned by the Vendors, it is agreed that the amount should be borne and payable by the Vendors to the Original Shanghai HD Shareholders. Accordingly, the Supplemental Agreement was agreed and entered into between PAI, the Vendors, Mr. Lo and Dr. Hu to provide for the payment of the outstanding amount of US\$2,000,000 to the Original Shanghai HD Shareholders by Mr. Lo and Dr. Hu and, that schedule of the issue and allotment of the Second Batch Consideration Shares (as defined below) by PAI to Dr. Hu (or his nominee(s)) shall be revised.

Pursuant to the Supplemental Agreement, PAI, the Vendors, Mr. Lo and Dr. Hu agreed to amend certain terms of the Sale and Purchase Agreement as follows:

1. Mr. Lo and Dr. Hu jointly and severally, unconditionally and irrevocably undertake to PAI that within a period of three months commencing from the date of the Supplemental Agreement, Mr. Lo and Dr. Hu shall pay an aggregate amount of US\$2,000,000 to HD Global in satisfaction of the amount payable by the HD Global under an acquisition agreement dated 10 December 2001 entered into between HD Global and the Original Shanghai HD Shareholders for the acquisition of all the assets of Shanghai HD from its then shareholders (the “Capital Contribution Undertaking”);
2. the 225,000,000 new Shares will be issued to the Vendors in the following manner:
 - (a) as to 135,000,000 new Shares to be issued and allotted to Mr. Lo (or his nominee(s)) at an issue price of HK\$0.20 per new Share at completion of the Acquisition (the “First Batch Consideration Shares”); and
 - (b) as to the remaining 90,000,000 new Shares to be issued and allotted to Dr. Hu (or his nominee(s)) at an issue price of HK\$0.20 per new Share (the “Second Batch Consideration Shares”) within a period of 5 business days following the date of fulfillment of the Capital Contribution Undertaking as evidenced by a capital verification report to be provided by the Vendors to PAI, that the consideration for the acquisition of the assets of Shanghai HD payable by the HD Global under an acquisition agreement dated 10 December 2001 entered into between HD Global and the Original Shanghai HD Shareholders has been satisfied.
3. In the event the Vendors fail to fulfill the Capital Contribution Undertaking within three months from the date of the Supplemental Agreement, the Company is not under any obligations to issue and allot the Second Batch Consideration Shares to Dr. Hu (or his nominee(s)) and the Vendors shall not have any right to claim against PAI.

Save as the change in the payment schedule of the 90,000,000 new Shares as disclosed above, all the major terms and conditions of the Sale and Purchase Agreement as disclosed in the Announcement

remain unchanged. In addition, the parties have confirmed that, prior to the entering of the Supplemental Agreement, all the conditions precedent under the Sale and Purchase Agreement have been fulfilled as at 11 July 2003.

The First Batch Consideration Shares and the Second Batch Consideration Shares respectively represent approximately 5.71% and 3.81% of the total number of existing issued Shares as at the date of this announcement, and respectively represent approximately 5.21% and 3.48% of the total number of issued Shares as enlarged by the issue of the First Batch Consideration Shares and the Second Batch Consideration Shares.

The 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 9 June 2003 and will rank pari passu in all respects with all other Shares in issue.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below shows the shareholding structure of the Company after the issue of 200,000,000 new Shares by the Company upon completion of acquisition of Giant Power International Limited on 23 May 2003, before and after the issue of the First Batch Consideration Shares and the Second Batch Consideration Shares respectively:

	As at the date of this announcement and prior to the issue of the Consideration Shares		After the issue of the First Batch Consideration Shares at completion of the Acquisition and prior to the issue of the Second Batch Consideration Shares		After the issue of the First Batch Consideration Shares and the Second Batch Consideration Shares	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Ming Yuan Investments Group Limited	1,563,122,215	66.15	1,563,122,215	62.57	1,563,122,215	60.40
Mr. Lo or his nominee(s)	–	–	135,000,000	5.41	135,000,000	5.21
Dr. Hu or his nominee(s)	–	–	–	–	90,000,000	3.48
Public Shareholders	799,974,015	33.85	799,974,015	32.02	799,974,015	30.91
	<u>2,363,096,230</u>	<u>100.00</u>	<u>2,498,096,230</u>	<u>100.00</u>	<u>2,588,096,230</u>	<u>100.00</u>

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, 16 July 2003

* *For identification purposes only*

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