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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)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

PLACING AGENT

CITIC CAPITAL

中信資本

CITIC CAPITAL MARKETS LIMITED

As at the date of this announcement, the Vendor is the controlling shareholder of the Company and holds approximately 54.48% of the issued share capital of the Company.

The Vendor entered into the Placing Agreement with the Placing Agent on 12th January, 2004 pursuant to which the Placing Agent agreed to place on behalf of the Vendor on a best efforts basis, a maximum of 100,000,000 existing Shares held by the Vendor at a price of HK\$0.55 per Placing Share.

The Vendor further entered into the Subscription Agreement with the Company on 12th January, 2004 pursuant to which the Vendor agreed to subscribe, subject to completion of the Placing, a maximum of 100,000,000 new Shares at a subscription price of HK\$0.55 per Subscription Share.

The 100,000,000 Placing Shares represent approximately 3.86% of the existing issued share capital of the Company and approximately 3.72% of the issued share capital of the Company as enlarged by the Subscription (assuming all the Placing Shares are sold to the Placees and all the Subscription Shares are subscribed for by the Vendor).

The Placing Shares will be placed by the Placing Agent to more than six professional, institutional and/or individual investors. All the Placees are independent of the Directors, chief executive or substantial shareholders of the Company and its subsidiaries, or any of their respective associates (as defined in the Listing Rules). Other than CITIC Capital China Plus Fund Limited which is an affiliate of the Placing Agent and which will take up 31,820,000 Placing Shares (representing 31.82% of the total Placing Shares assuming all the Placing Shares are purchased by the Placees), all the other Placees are independent of the Placing Agent.

The Placing is conditional on the execution of the Subscription Agreement. The Subscription is conditional on the completion of the Placing, the Listing Committee of the Stock Exchange granted the listing of and permission to deal in the Placing Shares and the Bermuda Monetary Authority granting approval to the allotment and issue of the Placing Shares.

The Placing Agent has the right to terminate the Placing Agreement on the occurrence of certain events, including force majeure, occurring prior to the completion of the Placing. If the Placing Agent exercises such right, the Placing will not proceed.

The Placing and the Subscription are effected to enable the Company to raise funds. Assuming all the Subscription Shares are fully subscribed for by the Vendor, the Company will raise a maximum net proceeds of approximately HK\$53,400,000 from the Subscription and it intends to use the estimated net proceeds as the Company's general working capital. At the date of this announcement, the Company does not have any specific plan to use such proceeds.

The Company is currently having preliminary negotiations with parties independent of the Directors, chief executive or substantial shareholders of the Company and its subsidiaries, or any of their respective associates (as such term is defined in the Listing Rules) in connection with the acquisition of hospitals and medical institutions in the PRC. As at the date of this announcement, no terms have been reached and no agreement has been signed with such parties. The Company does not foresee that any of the net proceeds of the Subscription will be used in the acquisition of hospitals or medical institutions even if any agreement relating to such acquisition may be reached in the future.

The Subscription Shares will be issued under the general mandate granted to the Directors at the last annual general meeting of the Company held on 9th June 2003.

As the Placing and the Subscription are conditional and that the Placing is further subject to termination by the Placing Agent, the Placing and the Subscription may or may not proceed. Investors and shareholders are advised to exercise caution when dealing in the Shares of the Company.

A further announcement of the results of the Placing will be made by the Company.

The Board has noted the recent increase in the trading volume of the Shares on 9th January, 2004 and wishes to state that other than as disclosed in this announcement, the Board is not aware of any reasons for such increase.

Trading in the Shares was suspended from 9:30 a.m. on 12th January 2004 at the request of the Company pending the publication of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 14th January 2004.

PLACING AGREEMENT DATED 12TH JANUARY, 2004

Vendor

Ming Yuan Investments Group Limited, the controlling shareholder of the Company holding approximately 54.48% of the issued share capital of the Company as at the date of this announcement.

Placing Agent

The Placing is arranged by CITIC Capital Markets Limited. The Placing Agent and its beneficial owner(s) are independent of and not connected with the Vendor and its beneficial owner(s), the Directors, chief executive or substantial shareholder of the Company or its subsidiaries or any of their respective associates (as such term is defined in the Listing Rules).

Number of Shares to be placed

A maximum of 100,000,000 existing Shares held by the Vendor, representing approximately 3.86% of the existing issued share capital of the Company and approximately 3.72% of the issued share capital of the Company as enlarged by the Subscription.

Placees

The Placing Shares will be placed to more than six professional, institutional and/or individual investors. All the Placees are independent of the Directors, chief executive or substantial shareholders of the Company and its subsidiaries, or any of their respective associates (as defined in the Listing Rules). Other than CITIC Capital China Plus Fund Limited which is an affiliate of the Placing Agent and which will take up 31,820,000 Placing Shares (representing 31.82% of the total Placing Shares, assuming all the Placing Shares are purchased by Placees), all the other Placees are independent of the Placing Agent.

Placing Price

HK\$0.55 per Placing Share, representing a discount of approximately 19.12% to the closing price of HK\$0.680 per Share as quoted on the Stock Exchange on 9th January, 2004, the last trading day prior to the release of this announcement and representing a discount of approximately 13.93% to the average closing price of HK\$0.639 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 9th January, 2004. The Placing Price is determined after arm's length negotiation between the Vendor and the Placing Agent.

Conditions of the Placing

The Placing is conditional on the following:

- (a) the execution of the Subscription Agreement by the Vendor and the Company no later than 13th January 2004;
- (b) there has been no material breach of the representations and warranties of the Vendor and the Placing Agent contained in the Placing Agreement; and
- (c) none of the termination events set out under the paragraph headed "Termination" has occurred.

Completion of the Placing

Completion of the Placing will take place after the fulfilment of the conditions listed above and in any event on or before 4:00 p.m. on 15th January, 2004 (or such later time and date as the Vendor and the Placing Agent may mutually agree).

Termination

The Placing Agent shall be entitled by notice to the Vendor given prior to Completion to terminate the Placing Agreement if:

- (a) *there occurs or comes into effect:*
 - (i) any event, development or change (whether local, national or international), including an event or change in relation to or a development of an existing state of affairs, of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong;
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
 - (iii) any material adverse change in conditions of local, national or international securities markets;
 - (iv) any new laws or regulations or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group which will materially and adversely affect the business or the financial or trading position of the Group as a whole;
 - (v) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere which will materially and adversely affect the business, financial or trading position of the Group as a whole;
 - (vi) the instigation of any litigation or claim of material importance by any third party against any member of the Group; or
 - (vii) the dealings in Shares on the Stock Exchange shall have been suspended for more than two business days after the signing of this Agreement,

and which, in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing; or

- (b) there shall be any material breach of the representations, warranties and undertakings of the Vendor which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing.

SUBSCRIPTION AGREEMENT DATED 12TH JANUARY, 2004

Subscriber: Ming Yuan Investments Group Limited

Issuer: The Company

Number of New Shares to be subscribed for

The number of Subscription Shares to be subscribed for by the Vendor will be equal to the number of Placing Shares actually purchased by the Placees, subject to a maximum of 100,000,000 new Shares.

Subscription Price

HK\$0.55 per Subscription Share.

Subject to completion of the Placing, the Company will bear all the costs and expenses of approximately HK\$1,600,000 incurred in respect of the Placing and the Subscription and will reimburse the Vendor for all costs and expenses incurred by it in relation to the Placing and the Subscription.

Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the general mandate granted to the Directors pursuant to a resolution of the shareholders of the Company adopted at the last annual general meeting of the Company held on 9th June 2003.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the Shares in issue on completion of the Subscription, including the right to any dividends or distributions after the date of completion of the Subscription.

Conditions of the Subscription

The Subscription is conditional on:

- (a) completion of the Placing;
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares; and
- (c) the Bermuda Monetary Authority approving the issue of the Placing Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription will take place upon the fulfilment of all conditions listed above and within 14 days from the date of the Placing Agreement, that is, on or before 25th January, 2004 (or such later date as the Vendor and the Placing Agent may mutually agree). If the date of completion of the Subscription is extended beyond 25th January, 2004 (or such later date as the Vendor and the Placing Agent may mutually agree, provided that the Listing Rules shall always be complied with), the Subscription will constitute a connected transaction under the Listing Rules which will require the approval of the independent shareholders of the Company. Steps will be taken to ensure compliance with the Listing Rules. Further announcement will be made as and when appropriate.

EFFECT OF THE PLACING AND THE SUBSCRIPTION ON THE COMPANY'S SHAREHOLDING

Assuming all the 100,000,000 Placing Shares are purchased by the Placees and all the 100,000,000 Subscription Shares are subscribed for by the Vendor, the shareholding of the Vendor (being the only substantial shareholder) and the Placees and other public in the Company immediately before completion of the Placing, immediately after completion of the Placing but before completion of the Subscription, and immediately after completion of both the Placing and the Subscription are and will be as follows:

| | Immediately before the Placing and the Subscription | Immediately after the Placing but before the Subscription | Immediately after the Placing and the Subscription |
|--------------|--|--|---|
| | No. of Shares (approximate % of total) (see Note) | No. of Shares (approximate % of total) (see Note) | No. of Shares (approximate % of total) (see Note) |
| Vendor | 1,409,929,075 (54.48%) | 1,309,929,075 (50.62%) | 1,409,929,075 (52.45%) |
| Placees | 0 (0%) | 100,000,000 (3.86%) | 100,000,000 (3.72%) |
| Other public | 1,178,167,155 (45.52%) | 1,178,167,155 (45.52%) | 1,178,167,155 (43.83%) |
| Total | <u>2,588,096,230</u> (100%) | <u>2,588,096,230</u> (100%) | <u>2,688,096,230</u> (100%) |

Note: The figures assume that other than the Subscription Shares, no new Shares will be issued or purchased by the Company and other than the Placing Shares, no Shares will be sold or purchased by the Vendor, in each case, after the date of this announcement and up to the date of completion of the Subscription.

REASON FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS RAISED FROM THE SUBSCRIPTION

The Directors consider that the Placing and the Subscription are a good opportunity to raise capital for the Company whilst broadening the shareholder and the capital base of the Company. The Company intends to use the estimated net proceeds of the Subscription of approximately HK\$53,400,000 as the Company's general working capital. At the date of this announcement, the Company does not have any specific plan to use such proceeds.

The Company is currently having preliminary negotiations with parties independent of the Directors, chief executive or substantial shareholders of the Company and its subsidiaries, or any of their respective associates (as such term is defined in the Listing Rules) in connection with the acquisition of hospitals and medical institutions in the PRC. As at the date of this announcement, no terms have been reached and no agreement has been signed with such parties. The Company does not foresee that any of the net proceeds of the Subscription will be used in the acquisition of hospitals or medical institutions even if any agreement relating to such acquisition may be reached in the future.

THE GROUP

As stated in the Interim Report, the Group's principal businesses have been in property investment and trading. The Company has stated in the Interim Report that the Group will seek opportunities to invest in the bio-technology and medical sectors in the PRC. The acquisition of HD Global Limited in last July represents the Group's first investment into the bio-technology sector in the PRC. The Group will continue to look for suitable opportunities to further diversify the Group's investment into the bio-technology sector. Currently no specific projects have been identified. If appropriate investment opportunities arise and transactions are realised in the future, the Company will comply with all relevant provisions of the Listing Rules.

The Company has not carried out any fund-raising activities in the past 12 months.

GENERAL

Trading in the Shares was suspended from 9:30 a.m. on 12th January 2004 at the request of the Company pending the publication of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 14th January 2004.

As the Placing and the Subscription are conditional and that the Placing is further subject to termination by the Placing Agent, the Placing and the Subscription may or may not proceed. Investors and shareholders are advised to exercise caution when dealing in the Shares of the Company.

A further announcement on the results of the Placing will be made by the Company.

UNUSUAL TRADING VOLUME MOVEMENT ON 9TH JANUARY, 2004

This statement is made at the request of the Stock Exchange.

The Board has noted the recent increase in the trading volume of the Shares on 9th January, 2004 and wishes to state that other than as disclosed in this announcement, the Board is not aware of any reasons for such increase.

The Board confirms that other than disclosed in this announcement, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

DEFINITIONS

As used in this announcement, the following words and phrases have the meanings assigned:

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| “Board” | board of directors of the Company |
| “Business Day” | any day (other than Saturday) on which banks in Hong Kong are open for business |
| “Code” | the Hong Kong Code on Takeovers and Mergers |
| “Company” | Shanghai Ming Yuan Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange |
| “Completion” | completion of the Placing which will take place on or before 4:00 p.m. on 15th January, 2004 (or such later time and date as the Vendor and the Placing Agent may mutually agree) |
| “Directors” | directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Interim Report” | the Interim Report of the Company for the six month period ended 30th June, 2003 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Placees” | any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates (as defined in the Listing Rules) procured by the Placing Agent to purchase the Placing Shares pursuant to the Placing Agent’s obligation under the Placing Agreement |
| “Placing” | the placement of the Placing Shares to the Placees at the Placing Price |
| “Placing Agent” | CITIC Capital Markets Limited |

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| “Placing Agreement” | the conditional placing agreement dated 12th January 2004 between the Vendor and the Placing Agent in respect of the Placing |
| “Placing Price” | the placing price of the Placing Shares, at HK\$0.55 per Placing Share |
| “Placing Shares” | a maximum of 100,000,000 existing Shares held by the Vendor to be placed under the Placing |
| “PRC” | The People’s Republic of China |
| “Share(s)” | ordinary share(s) of HK\$0.05 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription” | the subscription for the Subscription Shares by the Vendor |
| “Subscription Shares” | a maximum of 100,000,000 new Shares to be subscribed for by the Vendor and to be issued by the Company |
| “Vendor” | Ming Yuan Investments Group Limited, beneficially owned by Mr. Yao Yuan (who is also a Director) and Mr. Iu Chung as to 50% each |
| “HK\$” | Hong Kong dollars |

By order of the Board
Shanghai Ming Yuan Holdings Limited
Kenny Poon
Company Secretary

Hong Kong, 13th January, 2004

* *For identification purposes only*

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