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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)**

**(Stock Code: 0233)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF GIANT POWER INTERNATIONAL LIMITED AND FIELDCROWN INVESTMENTS LIMITED**

#### **DISPOSAL**

The Board is pleased to announce that Fun Area, a wholly owned subsidiary of the Company, entered into a Share Transfer Agreement with the Purchaser on 14th December, 2004 whereby the Purchaser agreed to purchase and Fun Area agreed to sell the entire equity interest in Giant Power and Fieldcrown, both are investment holding companies incorporated in the British Virgin Islands with limited liability, for a cash consideration of HK\$80,000,000.

The Disposal constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules as the assets ratio and consideration ratio of the Disposal exceed 5% or more, but less than 25%. A circular containing further details of the Share Transfer Agreement will be despatched to the Shareholders as soon as possible.

**Subject to satisfactory completion of due diligence exercise by the Purchaser, the Disposal will be proceeded, shareholders and investors of the Company are reminded to exercise caution when dealing in the shares of the Company.**

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:30 a.m. on 14th December, 2004 pending the issue of this announcement. Application has been made by the Company to the Stock exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 16th December, 2004.

#### **THE DISPOSAL**

##### **Date of the Share Transfer Agreement**

14th December, 2004

##### **Parties**

Vendor: Fun Area, a wholly-owned subsidiary of the Company

Purchaser: China Group Investment Limited, whose shares are 100% owned by Mr. Qin Hai Ding. To the best of the Directors' knowledge, information and belief, the Purchaser and Mr. Qin Hai Ding are independent third parties not connected with the Directors, chief executive officer or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as defined in the Listing Rules)

According to the Directors' understanding, the Purchaser is an investment holding company.

### **Terms of the Share Transfer Agreement**

Fun Area agreed to sell and the Purchaser agreed to purchase its beneficially owned 1 ordinary share of US\$1.00 each in Fieldcrown and Giant Power, representing the entire issued share capital of Fieldcrown and Giant Power, pursuant to the terms and conditions of the Share Transfer Agreement.

Fieldcrown is an investment holding company incorporated in the British Virgin Islands which holds the entire 100% equity interest in the Property I (which consist of level 2 and level 3, East Phase, New Century Plaza, 48 Xing Yi Lu, Chang Ning Qu, Shanghai, PRC). The audited book value and valuation of the Property I as at 31st December, 2003 was HK\$53 million. Revenue attributable to the Property I from the date of acquisition of the Property I to 31st December, 2003 was approximately HK\$3.15 million, which represent the rental income generated from leasing out the Property I. The audited net profit before and after taxation of Fieldcrown for the year ended 31st December, 2003 was approximately HK\$2.55million and HK\$2.21 million respectively. The audited net asset value of Fieldcrown as at 31st December, 2003 was approximately HK\$54.97 million.

Giant Power is an investment holdings company incorporated in the British Virgin Islands which holds the entire 100% equity interest in the Property II (which consist of Heng King International commercial Tower located at 40 Jiang Su Lu, Chang Ning Qu, Shanghai, PRC). The audited book value and valuation of the Property II as at 31st December, 2003 was HK\$49 million. Revenue attributable to the Property II from the date of acquisition of the Property II to 31st December, 2003 was approximately HK\$2.73 million, which represent the rental income generated from leasing out the Property II. The audited net profit before and after taxation of Giant Power for the year ended 31st December, 2003 was approximately HK\$2.16 million HK\$1.94 million respectively. The audited net asset value of Giant Power as at 31st December, 2003 was approximately HK\$52.50 million.

Fieldcrown was acquired by the company in February 2003 at a consideration of HK\$38,000,000, and Giant Power was acquired by the Company in May 2003 at a consideration of HK\$40,000,000 for strengthening and diversifying the Group's investment in the property sector in the PRC.

### **Consideration**

The consideration for the Disposal is HK\$80,000,000 (HK\$39,000,000 for Fieldcrown and HK\$41,000,000 for Giant Power), which is to be settled as follows:

- (a) A refundable deposit of HK\$5,000,000 shall be paid to Fun Area within 3 days after signing of the Share Transfer Agreement;
- (b) HK\$15,000,000 shall be paid to Fun Area on Completion;
- (c) HK\$30,000,000 shall be paid to Fun Area within 90 days after the signing of the Share Transfer Agreement; and

(d) the remaining balance of HK\$30,000,000 shall be paid to Fun Area on or before 30 June 2005.

The Consideration of HK\$80,000,000 was determined after arm's length negotiation between Fun Area and the Purchaser by reference to the prevailing market condition of the relevant properties held by Fieldcrown and Giant Power respectively. The Consideration represents a discount of 21.57% over the aggregate book value of the Property I and Property II as at 31st December, 2003.

Based on the total cost of acquisition of Fieldcrown and Giant Power, the Directors estimate that the Group will record a gain of approximately HK\$2 million from the Disposal. Such gain, upon review by the Company's auditors, will be recognized in the profit and loss account of the Group for the year ending 31st December, 2004 or 31st December, 2005.

## **Completion**

Completion of the Disposal will take place on the earlier of (i) within 5 business days following the completion of the due diligence exercise to be conducted on Fieldcrown and Giant Power by the Purchaser or (ii) 13th January, 2005.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

### **Strategic Prioritization of Resources**

Leveraging on the methodology of investment holding, the Group is principally engaged in three business units, namely, IT products and services, protein chips and property investment.

Currently, the Group's protein chip business unit manufactures and distributes protein chips and related systems ("C12 products") to hospitals and life insurance companies in the PRC and the C12 products are capable of detecting up to twelve tumor markers simultaneously and assists in the early diagnosis of ten prevalent cancer tumor types.

During the year, the Group has experienced a significant improvement in both order and sales of C12 products. Being a proven and leading supplier of protein chips in the PRC, the Group began to supply C12 products to the life insurance companies based in China with C12 for the pre screening and general health appraisal of life policies applicants and therefore the Group expects the overall growth for the sales of protein chips to be significant.

Therefore, the Group intends to shift the commitment of resources in the other business units, namely, IT products and services and property investment to the high growth market for protein chips for early detection of diseases. The Directors believes that the strategic prioritization of resources based on market potential, profitability margin and risk management will further clarify and strengthen the Group's long term corporate strategy to develop into a global supplier of protein chips for the early detection of diseases. The Group believes that early diagnosis of potentially fatal diseases significantly improves the chances of successful treatment and raises the survival rate of the patients.

### **Reasons for and Benefits of the Disposal**

Property I and Property II were held by the Group for investment purpose with a view of generating a stable source of rental income at an acceptable rate of return. But the high profit margin and market potential of the Group's protein chip business unit no longer justify the continual holding on the investment properties.

With the successful disposal of the investment properties in Shanghai, the Group will be able to allocate additional resources to further strengthen the Group's commitment in the protein chip business operations which are enjoying rapid growth and a higher margin of profitability. Accordingly, the Directors have decided to dispose of the properties for the long term benefit of the Group.

With the additional resources, the Directors believes that the Group is in the right direction towards the implementation of key milestones stated in the 2003 annual report, and including the expansion of production capacity for protein chips.

## **USE OF PROCEEDS**

Proceed from the Disposal will be applied to further strengthen the Group's commitment in the protein chip business.

## **GENERAL**

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## **DEFINITIONS**

"Disposal"	the disposal by Fun Area to the Purchaser the entire issued share capital of Fieldcrown and Giant Power pursuant to the Share Transfer Agreement
"Company"	Shanghai Ming Yuan Holdings Limited
"Directors"	the directors of the Company
"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 Islands with limited liability and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Property I"	level 2 and level 3, East Phase, New Century Plaza, 48 Xing Yi Lu, Chang Ning Qu, Shanghai, PRC
"Property II"	Heng King International Commercial Tower located at 40 Jiang Su Lu, Chang Ning Qu, Shanghai

“Purchaser”	China Group Investment Limited, an independent third party not connected with the Directors, chief executive officer or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as defined in the Listing Rules)
“Shareholders”	holders of the shares of HK\$0.05 each in the issued share capital of the Company
“Share Transfer Agreement”	the agreement dated 14th December, 2004 entered into between Fun Area as vendor and the Purchaser as the purchaser in relation to sale and purchase of the entire issued share capital of Fieldcrown and Giant Power
“HKS”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

The Directors of the Company as at the date of this announcement are as follows:

Mr. Yao Yuan, *Executive Chairman*

Mr. Chien Hoe Yong, Henry, *Executive Director*

Mr. Hu Jun, *Executive Director*

Dr. Hu Geng Xi, *Executive Director*

Mr. Yu Ti Jun, *Executive Director*

Dr. Lam Lee G., *Independent Non-Executive Director*

Mr. Xiao Chuan Guo, *Independent Non-Executive Director*

Lee Sze Ho, Henry, *Independent Non-Executive Director*

By Order of the Board  
**Shanghai Ming Yuan Holdings Limited**  
 上海銘源控股有限公司\*  
**Kenny Poon**  
*Company Secretary*

Hong Kong, 15th December, 2004

\* *For identification purposes only*

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