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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)**

### **PROPOSED ISSUE OF 1% CONVERTIBLE BONDS DUE 2010 BY SHANGHAI MING YUAN HOLDINGS LIMITED**

**CONVERTIBLE INTO ORDINARY SHARES OF  
SHANGHAI MING YUAN HOLDINGS LIMITED**

**AND RESUMPTION OF TRADING OF SHARES**

The Board hereby announces that on 22 December, 2004 the Company entered into the Placing Agreement with Deutsche Bank, whereby Deutsche Bank agreed to seek subscribers to subscribe for the Hong Kong dollar denominated Firm Bonds to be issued at par by the Company in an initial aggregate principal amount of HK\$200,000,000.

In addition, the Company has granted to Deutsche Bank an option to require the Company to issue the Hong Kong dollar denominated Optional Bonds up to a further aggregate principal amount of HK\$100,000,000 at par, exercisable on one or more occasions (provided that such option shall not be exercised more than once on any one day), in whole or in part, at any time on or before the 180th day following the Closing Date. A further announcement will be issued by the Company if the Option is exercised by Deutsche Bank.

The initial conversion price is HK\$0.92, represents a premium of 15% over the closing price of the Shares as quoted on the Stock Exchange on 20 December, 2004. Assuming full conversion of the Bonds (including the Firm Bonds and the Optional Bonds) at the initial conversion price of HK\$0.92, the Bonds will be convertible into 326,086,956 Shares (subject to adjustment), representing approximately 12.13% of the issued share capital of the Company as at the date of this announcement and approximately 10.82% of the enlarged issued share capital of the Company. Upon full conversion of the Firm Bonds only, the Firm Bonds will be convertible into 217,391,304 Shares (subject to adjustment). The Bonds will be issued by the Company for placing to not less than six independent places.

The estimated net proceeds of the Bonds Issue (excluding the Optional Bonds), after deduction of commissions and issue expenses (amounting to approximately HK\$10,000,000), are expected to be not less than HK\$190,000,000. Approximately HK\$150,000,000 of the proceeds are currently intended to be used by the Company for the expansion of its protein chip production facilities and the balance of approximately HK\$40,000,000 are currently intended to be used to enhance its distribution network.

The estimated net proceeds of the Optional Bonds only, after deduction of commissions and issue expenses (amounting to approximately HK\$5,000,000), are expected to be not less than HK\$95,000,000. Approximately HK\$60,000,000 of the proceeds are currently intended to be used by the Company to enhance its distribution network and the balance of approximately HK\$35,000,000 are currently intended to be used to build a training centre.

**Completion of the Placing Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Placing Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “PLACING AGREEMENT” below for further information.**

**As the Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.**

The Shares to be issued upon conversion of the Bonds will be issued and allotted by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 31 May, 2004.

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

The Bonds will not be listed on any stock exchange.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 22 December, 2004 pending the release of this announcement. The Company has applied for a resumption of trading in its Shares with effect from 9:30 a.m. on 24 December, 2004.

## **PLACING AGREEMENT**

**Date:** 22 December, 2004

**Parties:** The Company

Deutsche Bank (Deutsche Bank and their ultimate beneficial owners are all not connected persons (as defined in the Listing Rules))

Subject to the fulfilment of the conditions set out below under the section headed “Conditions Precedent of the Placing Agreement”, Deutsche Bank has agreed to seek subscribers to subscribe for the Firm Bonds with an initial aggregate principal amount of HK\$200,000,000 and if the Option is exercised, to seek subscribers to subscribe for the Optional Bonds with an aggregate principal amount up to HK\$100,000,000.

Deutsche Bank has been granted an option which can be exercised on one or more occasions (provided that such option shall not be exercised more than once on any one day), in whole or in part, at any time, on or before the 180th day following the Closing Date, to require the Company to issue up to a further HK\$100,000,000 in aggregate principal amount of Optional Bonds.

The Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the US Securities Act. None of the Bonds will be offered to the public in Hong Kong nor will they be placed to any connected persons (as defined in the Listing Rules) of the Company.

Deutsche Bank may, to the extent permitted by applicable laws, over-allot and effect transactions with a view to supporting the market price of the Bonds at levels which might otherwise prevail. However, there is no obligation on Deutsche Bank to do this. Such stabilising, if commenced, may be discontinued at any time. Deutsche Bank will conduct any such stabilisation activities in accordance with applicable laws and regulations (including, but not limited to, if applicable, the Listing Rules and the Securities and Futures Ordinance (Cap. 571)).

**Placees:** not less than six independent placees, who are all institutional investors.

The placees are not connected persons (as defined in the Listing Rules). Therefore, the issue of the Bonds will not have any impact on the public float of the Company.

### **Undertaking**

The Company has, among other things, undertaken with Deutsche Bank that neither it nor any of its subsidiaries or affiliates over which it exercises management or voting control, nor any person acting on its or their behalf will, for a period from the date of the Placing Agreement up to 90 days after the Closing Date, without the prior written consent of Deutsche Bank, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal), any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares (whether or not such contract is to be settled by delivery of Shares or such other securities, in cash or otherwise) save for Shares issued (i) pursuant to the conversion provisions of the Bonds or (ii) pursuant to obligation in existence at the date of this announcement, which have been disclosed to Deutsche Bank or (iii) pursuant to the employee share option scheme of the Company as disclosed in the Company's Shareholders' Circular dated 7 May, 2004.

The Company has also undertaken with Deutsche Bank that it will procure each of Ming Yuan Investments Group Limited (a substantial shareholder in the Company), Mr Yao Yuan (the Executive Chairman of the Company), Mr Iu Chung (who owns a 50% interest in Ming Yuan Investments Group Limited), Regal Legend Group Limited (a shareholder in the Company) and Dr. Hu Geng Xi (an Executive Director of the Company and a major shareholder in Regal Legend Group Limited) to execute a lock-up agreement, whereby they each undertake not to sell any Shares or enter into other transactions with a similar effect for a period from the date of the Placing Agreement up to 90 days after the Closing Date.

## Conditions Precedent of the Placing Agreement

Completion of the Placing Agreement is conditional upon, among other things:

- (i) the execution of a paying and conversion agency agreement by all parties in a form reasonably satisfactory to Deutsche Bank;
- (ii) The Stock Exchange having agreed, subject to any conditions reasonably satisfactory to Deutsche Bank, to list the new Shares upon conversion of the Bonds (or Deutsche Bank being reasonably satisfied that such listing will be granted); and
- (iii) (if so required by the laws of Bermuda) the approval of the Bermuda Monetary Authority for the issue of the Bonds and the new Shares issuable upon conversion of the Bonds, having been obtained.

## Termination

Deutsche Bank may, by notice to the Company given at any time prior to payment of the net subscription moneys for the Bonds to the Company, terminate the Placing Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of Deutsche Bank any breach of, or any event rendering untrue or incorrect in any respect any of the warranties and representations contained in the Placing Agreement or any failure by the Company to perform any of its undertakings or agreements in the Placing Agreement;
- (ii) if there shall have occurred any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls which would in Deutsche Bank's view be likely to prejudice materially the success of the Bonds Issue or the distribution of the Bonds or dealings in the Bonds in the secondary market;
- (iii) if there shall have occurred a general moratorium on commercial banking activities in the People's Republic of China (the *PRC*) or the United Kingdom or United States or Hong Kong by any PRC, United Kingdom, New York State, United States Federal or Hong Kong authorities which would in Deutsche Bank's view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
- (iv) if there shall have occurred an outbreak or escalation of hostilities or act of terrorism which would in Deutsche Bank's view be likely to prejudice materially the success of the Bonds Issue or the distribution of the Bonds or dealings in the Bonds in the secondary market;
- (v) if on or after the date of this announcement there shall have occurred either of the following: (i) a suspension or material limitation of trading in securities generally on the Shanghai Stock Exchange, the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc or the Stock Exchange; or (ii) a suspension in trading in the Company's securities on the Stock Exchange, which would in Deutsche Bank's view be likely to prejudice materially the success of the Bonds Issue or the distribution of the Bonds or dealings in the Bonds in the secondary market.

Subject to the foregoing, the Placing Agreement is expected to be completed on the Closing Date. If the Option is exercised, the issue of the Optional Bonds will complete on the Option Closing Date. The Firm Bonds and the Optional Bonds are expected to be issued on the Closing Date and the Option Closing Date respectively.

The initial conversion price at HK\$0.92 per Share represents a premium of 15% to the closing price of the Shares quoted on the Stock Exchange on 20 December, 2004 and a premium of 16.16% to the 10-day average price of the Shares over the 10 trading days up to and including 20 December, 2004.

The Shares to be issued upon conversion of the Bonds will be issued and allotted by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 31 May, 2004.

## **PRINCIPAL TERMS OF THE BONDS**

The principal terms of the Bonds are summarised as follows:

### **Company**

Shanghai Ming Yuan Holdings Limited, a company incorporated with limited liability in Bermuda, the shares of which are listed on the Stock Exchange.

### **Principal Amount**

The aggregate principal amount of the Bonds (excluding the Optional Bonds) will be HK\$200,000,000, or HK\$300,000,000 if all the Optional Bonds are issued.

### **Issue Price**

100% of the principal amount of the Bonds.

### **Interest**

The Bonds bear interest from 6 January, 2005 at the rate of 1% per annum of the principal amount of the Bonds. Interest is payable annually in arrear on 6 January in each year commencing on 6 January, 2005.

### **Conversion Period**

Bondholder(s) have the right to convert their Bonds into Shares at any time during the Conversion Period.

### **Conversion Price**

The Bonds will be convertible into Shares at an initial conversion price of HK\$0.92 per Share. The Conversion Price will be subject to adjustment for, among other things, subdivision or consolidation of Shares, the making of a free distribution of Shares, the declaration of a dividend in Shares and other dilutive events.

In lieu of delivery of some or all of the Shares required to be delivered upon the valid exercise of a Conversion Right, the Company may elect to make a cash settlement payment in respect of all or any portion of a Bondholder's Bonds deposited for conversion.

If the arithmetic average of the Volume Weighted Average Price (as defined in the terms and conditions of the Bonds) of the Shares (the **Reset Reference Price**) for each day during the period of 15 consecutive Trading Days immediately prior to 6 January, 2006 (the **Reset Date**) is less than the Conversion Price on the Reset Date (taking into account any adjustments as described in the terms and conditions of the Bonds which may have occurred prior to the Reset Date), the Conversion Price shall be adjusted on a one-time basis on the Reset Date so that Reset Reference Price will become the Adjusted Conversion Price with effect from the Reset Date.

The resetting of the Conversion Price is a term and condition of the Bonds which has been agreed between the Company and Deutsche Bank on an arm's length basis. An announcement and a circular containing details of the resetting of the Conversion Price including (i) the discount to the initial Conversion Price, (ii) the maximum number of Shares which will be issued by the Company upon full conversion at the new Conversion Price, (iii) the dilution effect thereof and (iv) whether the Company has sufficient general mandate to issue all the Shares upon full conversion at the new Conversion Price, and if not, whether separate shareholders' approval will be obtained, will be made in the event such resetting of the Conversion Price occurs.

The Conversion Price shall not be adjusted to less than 80% of the Conversion Price prevailing on 6 January, 2006 (subject to adjustment), nor reduced to below the then par value of the Shares (currently HK\$0.05 per Share).

At the annual general meeting of the Company held on 31 May, 2004, a general mandate was given to the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of the resolution (i.e. 20% of 2,688,096,230 Shares, amounting to a total of 537,619,246 Shares). Even if the Conversion Price were to be reset on 6 January, 2006 to 80% of the initial Conversion Price (i.e. 80% of HK\$0.92, amounting to HK\$0.74), the maximum number of Shares which the Company will be required to issue upon full conversion of all Bonds (including the Firm Bonds and Optional Bonds) will be 405,405,405 Shares (subject to adjustment), representing approximately 15.08% of the issued share capital of the Company as at the date of this announcement and approximately 13.11% of the enlarged issued share capital of the Company. The 20% general mandate referred to above is sufficient to cover to issue of 405,405,405 Shares.

### **Ranking of Conversion Shares**

Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant date of registration of holders of such Shares on the register of members of the Company.

### **Transfer**

The Bonds are transferable without restrictions.

### **Maturity**

Unless previously redeemed, purchased and cancelled or converted, the Company will redeem each Bond at 113.41% of its principal amount on the Maturity Date.

### **Redemption at the Option of the Bondholders**

On the Put Option Date, the holder of each Bond will have the right at such holder's option to require the Company to redeem all or some only of the Bonds of such holder on the Put Option Date at 105.09% of their principal amount.

## **Redemption at the Option of the Company**

On or at any time after 6 January, 2007 and prior to the Maturity Date, the Company may, having given not less than 30 nor more than 60 days' notice to the Bondholders, the Principal Agent (as defined in the terms and conditions of the Bonds) (which notice will be irrevocable), redeem all and not some only of the Bonds at a redemption price equal to the Early Redemption Amount together with accrued interest to but excluding the redemption date, provided, however, that no such redemption may be made unless (i) the closing price of the Shares (as derived from Daily Quotations Sheet of the Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange (as defined in the terms and conditions of the Bonds)) for each of the 30 consecutive Trading Days, the last day of such 30-Trading Day period falls within five Trading Days prior to the date upon which notice of such redemption is given was at least 130 per cent. of the applicable Early Redemption Amount in effect on such Trading Day divided by the Conversion Ratio or (ii) at least 90 per cent. in principal amount of the Bonds has already been converted, redeemed or purchased or cancelled.

## **Redemption for Taxation Reasons**

At any time the Company may, having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) redeem all, and not some only, of the Bonds at a redemption price equal to the Early Redemption Amount on a date fixed for redemption together with accrued interest to but excluding such redemption date if (i) Company has or will become obliged to pay any additional amounts in respect of any payment by the Company under or in respect of the Bonds as a result of any change in, or amendment to, the laws or regulations of Bermuda, or as the case may be, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 22 December, 2004 and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption for such purposes, the Company shall deliver to the Principal Agent (a) a certificate signed by two directors of the Company stating that the obligation referred to in (i) above cannot be avoided by the Company taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective).

## **Redemption for Delisting or Change of Control**

When (i) the Shares cease to be listed or admitted to trading on the Stock Exchange or (ii) a Change of Control occurs with respect to the Company, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of that holders' Bonds on the date which is the 14th day after the expiry of the period of 60 days referred to below, at their Early Redemption Amount together with accrued interest to but excluding the redemption date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent together with the certificate evidencing the Bonds to be redeemed by not later than 60 days following the occurrence of the event referred to in (i) or (ii) above, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Company in accordance with the terms and conditions of the Bonds.

## Form of the Bonds and Denomination

The Bonds will be in registered form and in denominations of HK\$10,000 each.

## Ranking of the Bonds

The Bonds constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the Bonds) unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves.

## Listing

The Bonds will not be listed on any stock exchange. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION

Based on the initial conversion price of HK\$0.92 and assuming full conversion of the Bonds, the Bonds will be convertible into 326,086,956 Shares (subject to adjustment), representing approximately 12.13% of the issued share capital of the Company as at the date of this announcement and approximately 10.82% of the enlarged issued share capital of the Company. Upon full conversion of the Firm Bonds only, the Firm Bonds will be convertible into 217,391,304 Shares (subject to adjustment), representing approximately 8.09% of the issued share capital of the Company as at the date of this announcement and approximately 7.48% of the enlarged issued share capital of the Company.

The following table summarises the effects on the shareholding structure of the Company as a result of the Bonds Issue:

Name of Shareholder	Existing (as at the date of this announcement)		Assuming the Bonds (including the Optional Bonds) are fully converted into Shares at the initial conversion price of HK\$0.92 each	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged share capital of the Company
Ming Yuan Investments Group Limited	1,394,469,075	51.88%	1,394,469,075	46.26%
J.P. Morgan Chase & Co.	148,840,000	5.54%	148,840,000	4.94%
Other Shareholders	1,144,787,155	42.58%	1,144,787,155	37.98%
Bondholders	–	–	326,086,956#	10.82%
Total	<u>2,688,096,230</u>	<u>100%</u>	<u>3,014,183,186</u>	<u>100%</u>

# Comprising (i) a total of 217,391,304 Shares if all the Firm Bonds only are converted in full and (ii) an additional 108,295,652 Shares if the Optional Bonds are also converted in full.



The Company will procure that not less than 25% of its issued Shares will be held by the public from time to time.

## **USE OF PROCEEDS**

The estimated net proceeds of the Bonds Issue (excluding the Optional Bonds), after deduction of commissions and issue expenses (amounting to approximately HK\$10,000,000), are expected to be not less than HK\$190,000,000. Approximately HK\$150,000,000 of the proceeds are currently intended to be used by the Company for the expansion of its protein chip production facilities and the balance of approximately HK\$40,000,000 are currently intended to be used to enhance its distribution network.

The estimated net proceeds of the Optional Bonds only, after deduction of commissions and issue expenses (amounting to approximately HK\$5,000,000), are expected to be not less than HK\$95,000,000. Approximately HK\$60,000,000 of the proceeds are currently intended to be used by the Company to enhance its distribution network and the balance of approximately HK\$35,000,000 are currently intended to be used to build a training centre.

## **REASONS FOR AND BENEFITS OF THE BONDS ISSUE**

The Bonds Issue will enlarge the capital base of the Company. The Directors believe that such enlarged capital base, together with the Group's other internal resources, will put the Group in strong position to implement the key milestones stated in its 2003 annual report. These key milestones include the expansion of production capacity for protein chips, the strengthening of distribution network, the distribution of a diversified range of protein chips for different diseases, etc. The Directors believe that the Group's dedication and commitment in the exploitation of its competitive edge will establish the Group as one of the leading biotechnology and healthcare service providers globally, particularly in the PRC.

Currently, the Group's protein chip business unit manufactures and distributes protein chips and related systems (the *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 detection of ten prevalent cancer tumor types.

During 2004, the Group has experienced a significant improvement in both order and sales of C12 products. In the first half of 2004, the Group sold more C12 products than the full year in 2003. In the second half of this year, the Group began to supply C12 products to the life insurance companies based in the PRC with the protein chips for the pre screening and general health appraisal of life policies applicants. Therefore, the Group expects the overall growth for the sales of protein chips to be significant.

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

Taking into account that the Conversion Price represents a premium to the closing price of the Shares as quoted on the Stock Exchange on 20 December, 2004, the Directors are of the view that the terms and conditions of the Bonds are fair and reasonable and are in the interest of the Group as a whole. Since the Bonds Issue will enlarge the capital base of the Company, the Directors consider that the Bonds Issue will facilitate the development and expansion of the Company's core businesses.

## ISSUE OF SECURITIES IN THE PREVIOUS 12-MONTH PERIOD

At the annual general meeting of the Company held on 31 May, 2004, a general mandate was given to the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of the resolution. As at the date of this announcement, no Shares have been allotted and issued by the Directors pursuant to the general mandate.

On 12 January, 2004, Ming Yuan Investments Group Limited (the *Vendor*) entered into (a) a placing agreement with CITIC Capital Markets Limited for the placing of a maximum of 100,000,000 of the existing Shares then held by the Vendor (the *Placing*) and (b) a subscription agreement with the Company to subscribe, subject to the completion of the Placing, a maximum of 100,000,000 new Shares (the *Subscription*). The net proceeds of the Subscription of approximately HK\$53,400,000 were used as the Company's general working capital. Other than the Subscription, the Company has not engaged in any other fund-raising activities in the 12 month-period immediately preceding the date of this announcement.

## GENERAL

The Group is engaged in principally two business units, namely, IT products and services and protein chips, and to a lesser extent, property investment.

The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Bonds by any connected person (as defined in the Listing Rules) of the Company.

**Completion of the Placing Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Placing Agreement may be terminated under certain circumstances. Please refer to the paragraph headed "PLACING AGREEMENT" above for further information.**

**As the Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 22 December, 2004 pending the release of this announcement. The Company has applied for a resumption of trading in its Shares with effect from 9:30 a.m. on 24 December, 2004.

## TERMS USED IN THIS ANNOUNCEMENT

Board	the board of directors of the Company
Bonds	the Firm Bonds and the Optional Bonds
Bondholder(s)	holder(s) of the Bonds from time to time
Bonds Issue	the issue of the Firm Bonds with an initial aggregate principal amount of HK\$200,000,000 and the Optional Bonds with an aggregate principal amount of HK\$100,000,000 under the Placing Agreement
Change of Control	occurs when, <ul style="list-style-type: none"><li>(i) any Person or Persons (as defined in the terms and conditions of the Bonds) acting together acquires Control of the Company if such Person or Persons (as defined in the terms and conditions of the Bonds) does not or do not have, and would not be deemed to have, Control of the Company on the Closing Date;</li><li>(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other Person (as defined in the terms and conditions of the Bonds), unless the consolidation, merger, sale or transfer will not result in the other Person or Persons (as defined in the terms and conditions of the Bonds) acquiring Control over the Company or the successor entity; or</li><li>(iii) one or more Persons (as defined in the terms and conditions of the Bonds) (other than any Person (as defined in the terms and conditions of the Bonds) referred to in sub-paragraph (i) above) acquires the legal or beneficial ownership of all or substantially all of the Company's issued share capital</li></ul>
Closing Date	the date (expected to be on or before 6 January, 2005 or such other date as the Company and Deutsche Bank may agree) on which the Firm Bonds are issued
Company	Shanghai Ming Yuan Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
Control	the right to appoint and/or remove all or the majority of the members of the Company's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
Conversion Period	at any time on or after 15 days after Closing Date up to the close of business 15 days prior to Maturity Date, in no event thereafter, or if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business on the date no later than seven business days prior to the date fixed for redemption thereof

Conversion Price	the price per Share at which the Bonds may be converted into Shares
Conversion Ratio	the principal amount of the Bonds divided by the then applicable Conversion Price
Conversion Right	the right of a Bondholder to convert any Bond into Shares
Conversion Shares	Shares to be allotted and issued by the Company upon conversion of the Bonds
Deutsche Bank	Deutsche Bank AG, Hong Kong Branch
Directors	directors of the Company
Early Redemption Amount	an amount equal to the principal amount of the Bond plus a premium calculated to give the Bondholder a fixed return of 3.50% per annum from the Closing Date to the redemption date of that Bond
Firm Bonds	the 1% Convertible Bonds due 2010 of an initial aggregate principal amount of HK\$200,000,000
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Maturity Date	the date (expected to be on or before 6 January, 2010, or such other date as the Company and Deutsche Bank may agree) on which the Bonds mature
Offering Circular	the offering circular to be issued in connection with the issue and offering of the Bonds
Option	an option granted by the Company to Deutsche Bank to require the Company to issue all or any of the Optional Bonds, exercisable on or before the 180th day following the Closing Date
Optional Bonds	the additional 1% Convertible Bonds due 2010 with an aggregate principal amount up to HK\$100,000,000 to be issued to subscribers by the Company at the election of Deutsche Bank
Option Closing Date	the date on which the Optional Bonds are to be issued
Placing Agreement	a conditional placing agreement entered into between, the Company and Deutsche Bank on 22 December, 2004 in connection with the issue by the Company of the Firm Bonds with an aggregate principal amount of HK\$200,000,000 and, subject to the exercise of the Option by Deutsche Bank, the Optional Bonds with up to an aggregate principal amount of HK\$100,000,000
PRC	The People's Republic of China

Put Option Date	the date (expected to be on or before 6 January, 2007, or such other date as the Company and Deutsche Bank may agree) which is the second anniversary from the Closing Date
Share(s)	ordinary shares of HK\$0.05 each in the share capital of the Company
Shareholder(s)	holder(s) of Shares
Stock Exchange	The Stock Exchange of Hong Kong Limited
Trading Day	a day on which the Stock Exchange is open for business
United States or US	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

By Order of the Board of  
**Shanghai Ming Yuan Holdings Limited**  
**Henry Chien**  
*Executive Director*

Hong Kong, 23 December, 2004

\* *For identification purposes only*

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*

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

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