

CHAIRMAN'S STATEMENT

OUR GOAL IS TO CONTINUE SEEKING OPPORTUNITIES TO INVEST IN HIGH-RETURN BUSINESSES WHICH WILL DIVERSIFY OUR REVENUE-GENERATING CAPABILITIES AND ENHANCE SHAREHOLDERS' VALUES.

BUSINESS REVIEW

Pursuant to the completion of the acquisition of 74.5 per cent. interests in the Company (formerly known as Sing Tao Holdings Limited) in August 2002, the Company adopted the current name Shanghai Ming Yuan Holdings Limited and became effective on 4 September 2002. Currently the Company is principally engaged in property trading and investment in commercial, industrial and retail properties in Hong Kong, the PRC and Canada.

The Group has enhanced its rental portfolio in the PRC during the year. These diversified investment properties with excellent potentials for attractive returns will generate a steady stream of rental income boosting the Group's medium and long term capacity for earnings growth.

ACQUISITIONS DURING THE YEAR

Amid the weak economic environment and an ample supply of office space in Hong Kong, the commercial leasing market experienced considerable pressure. Despite the slight downward adjustment in the overall rental rate in the soft Hong Kong rental market, the overall occupancy levels of the Group's leasing retail properties in Hong Kong remained stable during year 2002.

The recent promising growth of the PRC property market reflects its huge potential to be tapped. Following the entry of China into the World Trade Organization and its successful bid for the 2008 Olympics and the 2010 World Expo, Shanghai has been recognized as the most rapidly growing financial and commercial centre of China with a double-digit percentage increase in GDP. I was newly appointed as the member of the Shanghai Committee of Chinese People's Political Consultative Conference in February 2003 and witnessed the healthy growth of Shanghai economy as well as the rapid development of the property market of Shanghai. The Group has grasped the precious chance to enhance its rental portfolio intensively in Shanghai during the year as follows:

- The Group acquired the entire issued share capital of Fieldcrown Investments Limited holdings the entire equity interests in level 2 and level 3, East Phase, New Century Plaza, 48 Xing Yi Lu, Chang Ning Qu, Shanghai, the PRC, in December 2002 and completed in February 2003; and
- the Group was engaged to acquire the entire issued share capital of Giant Power International Limited which will hold the entire equity interests in Heng King International Commercial Tower located in 40 Jiang Su Lu, Chang Ning Qu, Shanghai, the PRC. The transaction is expected to be completed by end of May 2003.

It is the intention of the Group to further expand its investment properties portfolio and capture investment opportunities with attractive returns by acquiring quality and suitable sites in the PRC.

Rental income generated from the Group's retail properties both in the PRC and Hong Kong will continue to be one of the major sources of income to the Group. Following the possible and completion of acquisitions of various quality rental properties, revenue from property rental is expected to rise significantly in coming 2003.

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CORPORATE GOVERNANCE

With a macro global perspective, management of the Group fully understands our own organization as well as that of the others, and is innovative and decisive as to stay ahead in the competitive race. Being the Group's devotion and commitment to protect shareholders' interests, all decisions are made to enhance shareholders' value and uphold our good standard of corporate governance practices.

PROSPECTS

Our goal is to continue seeking opportunities to invest in any high-return businesses or industries which will diversify our revenue-generating capabilities and enhance shareholders' values.

Despite the current political and general economic uncertainties and pressures that may continue to exert adverse impacts on the property market in Hong Kong, the rapid economic development in China have been out-performing in the global market and offering ample of opportunities to us in various industries and aspects. Building on its well established investment experience and financial strength, the Group will commit itself in looking for business diversification and investment opportunities in property market and any other promising sectors particularly in the PRC, that will gradually enhance our asset value and generate higher potential for future capital growth.

The Group will devote itself to further expand its quality business with new investments both locally and globally. We are fully confident about the future of the Group, and seeing promising prospects for its overall growth.

I would like to take this opportunity to express my appreciation and gratitude to our shareholders for their continued support and my fellow directors and staff of the Group for their commitments and contributions to the success of the Group throughout the year.

Yao Yuan

Chairman and Executive Director

Hong Kong, 29th April, 2003

