



MING PAO ENTERPRISE CORPORATION LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 685)

HEADS OF AGREEMENT IN RELATION TO THE PROPOSED MERGER OF THE COMPANY, SIN CHEW MEDIA CORPORATION BERHAD AND NANYANG PRESS HOLDINGS BERHAD

The Board is pleased to announce that on 29 January 2007, the Company entered into the Heads of Agreement with Sin Chew relating to the proposed Merger of the Company, Sin Chew and Nanyang Press.

The implementation of the proposed Merger of the Company, Sin Chew and Nanyang Press shall take the form of the conversion of all the issued shares in each of Sin Chew and Nanyang Press into Shares.

On 29 January 2007, both the Company and Sin Chew sent an irrevocable joint letter of offer to the board of directors of Nanyang Press, inviting Nanyang Press to participate in the Merger. The Company and Sin Chew shall use reasonable efforts to negotiate with Nanyang Press in good faith to agree on the terms of such participation.

It is proposed that upon completion of the Merger, the Shares shall continue to be primarily listed on the main board of the Stock Exchange and shall also become primarily listed on the main board of the Bursa Malaysia Securities.

Since the Heads of Agreement is subject to the parties agreeing the terms of, and entering into, the Merger Agreement and the fulfillment of the other conditions stated therein, the Heads of Agreement may not be proceeded with or become unconditional or effective. Accordingly, there is no assurance that the Merger Agreement will be entered into and that all the conditions precedent contained in the Merger Agreement can be satisfied.

Investors and potential investors in the Shares should exercise care and caution in their dealings in the securities of the Company, and they should only rely on information published by the Company, when they deal, or contemplate dealing, in the Shares or other securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 29 January 2007, the Company entered into the Heads of Agreement with Sin Chew, a connected person of the Company, pursuant to which the Company and Sin Chew will negotiate to enter into an agreement for the merger of the Company and Sin Chew. On the same day, the Company and Sin Chew sent an irrevocable joint letter of offer to the board of directors of Nanyang Press, also a connected person of the Company, inviting Nanyang Press to participate in the Merger.

The invitation may only be accepted by Nanyang Press one day after the offer period for the mandatory general offer by Ezywood for the shares in Nanyang Press is closed ("**Reference Date**") and shall remain open for acceptance up to seven days after the Reference Date, or 30 March 2007, whichever is later, or such other date agreed between the Company, Sin Chew and Nanyang Press.

Pursuant to the Heads of Agreement, the parties agree to negotiate in good faith and to enter into the Merger Agreement on or before 30 April 2007 or such later date as the Company and Sin Chew may agree.

TERMS OF THE HEADS OF AGREEMENT

The Heads of Agreement sets out the intentions and understandings of the Company and Sin Chew in relation to the Merger, including the following:

1. Sin Chew shall use its reasonable efforts to procure (by way of scheme of arrangement) that all its shareholders exchange all their ordinary shares in Sin Chew at a consideration of RM4.00 per share for new Shares to be issued and credited as fully paid-up at an issue price of HK\$2.70 per share, which represents, on an indicative basis, approximately 3.30 new Shares (which may be revised subject to the determination of the exchange rate of RM to HK\$ at a date to be determined later) for every one existing ordinary share in Sin Chew held by the shareholders of Sin Chew;
2. the Company and Sin Chew shall invite Nanyang Press to participate in the Merger pursuant to which the shareholders of Nanyang Press would be invited (by way of scheme of arrangement) to exchange all their ordinary shares in Nanyang Press at a consideration of RM4.20 per share for new Shares to be issued and credited as fully paid-up at an issue price of HK\$2.70 per share, which represents, on an indicative basis, approximately 3.47 new Shares (which may be revised subject to the determination of the exchange rate of RM to HK\$ at a date to be determined later) for every one existing ordinary share in Nanyang Press held by the shareholders of Nanyang Press;
3. the Company will place new or existing Shares for the purposes of complying with the public shareholding spread or equity conditions which may be imposed by the relevant authorities in Hong Kong and/or Malaysia; and
4. upon completion of the Merger, the Shares shall continue to be primarily listed on the main board of the Stock Exchange and shall also become primarily listed on the main board of Bursa Malaysia Securities by way of transfer of the listing status from Sin Chew, and thereafter Sin Chew and Nanyang Press will each be delisted from the main board of Bursa Malaysia Securities.

The four proposals above are inter-conditional upon one another, except for the placement of shares. The placement of shares is, however, conditional on the other three proposals.

If the parties have not signed the Merger Agreement prior to 4:00 p.m. (Malaysia time) on the Backstop Date, either party may at any time thereafter by notice to the other party terminate the Heads of Agreement with immediate effect.

Since the Heads of Agreement is subject to the parties agreeing the terms of and entering into the Merger Agreement and the fulfillment of the other conditions stated therein, the Heads of Agreement may not be proceeded with or become unconditional or effective. There is no assurance that the Merger Agreement will be entered into and that all the conditions precedent contained in the Merger Agreement can be satisfied.

Investors and potential investors in the Shares should exercise care and caution in their dealings in the securities of the Company, and they should only rely on information published by the Company, when they deal, or contemplate dealing, in the Shares or other securities of the Company.

OTHER TERMS AND CONDITIONS OF THE HEADS OF AGREEMENT

The Company and Sin Chew have committed, for the period from the date of the Heads of Agreement to the expiry of the Backstop Date, not to enter into discussions or negotiations, disclose any information to any person or enter into any agreement or arrangement with any person relating to the Merger, except for the parties involved in the Merger.

Completion of the Merger shall be conditional upon requirements, including but not limited to the following:

1. Nanyang Press accepting the invitation to participate in the Merger and acceding to the Heads of Agreement;
2. the Merger Agreement being entered into between the Company, Sin Chew and Nanyang Press;
3. the completion of due diligence of each party to the Merger Agreement and its respective subsidiaries (including the methods and basis of the valuation and their present and future business and financial condition) to the satisfaction of each of the other relevant parties to the Merger Agreement and its advisors;

4. all necessary consents, permission, authorisation, licenses, approvals (including approval certificates) and/or waivers from the relevant government, official and/or regulatory authorities and/or Court or relevant third parties in relation to the Merger having been obtained, including the dual listing of existing and new Shares having been obtained, on terms and in the form and substance acceptable to the parties;
5. all necessary approvals or resolutions of the shareholders and directors of the Company, Sin Chew and Nanyang Press having been obtained or duly passed;
6. there is no material adverse change in the general business or financial condition of any of the Company, Sin Chew or Nanyang Press and their respective subsidiaries, except for those which directly result from, and are an obvious consequence of, matters which are publicly disclosed and expressly agreed to in writing by all parties; and
7. any other reasonable conditions as shall be agreed by the parties and be contained in the Merger Agreement.

The timing for completion of the above conditions precedent will be fixed under the Merger Agreement. The Merger Agreement will also contain such undertakings, warranties and representations and other customary terms as the parties consider appropriate.

INFORMATION ON SIN CHEW

Sin Chew was incorporated in Malaysia on 15 March 1983 under the Companies Act 1965 (Malaysia) as a private limited company under the name of Pemandangan Sinar Sdn Bhd. It was converted to a public company in 2004 and changed its name to Pemandangan Sinar Berhad. On 7 May 2004, Sin Chew assumed its present name. Sin Chew was primarily listed on the main board of Bursa Malaysia Securities on 18 October 2004.

The principal activities of Sin Chew are investment holding, publishing, printing and distribution of the newspaper *Sin Chew Daily*, printing of newspapers for other publishers and distribution of magazines. The principal activities of its subsidiaries are publishing, printing and distribution of the newspaper *Guang Ming Daily*, publishing and distribution of magazines, newspaper circulation and distribution agent, provision of editorial services and contract labour, and provision of contents to web and mobile users and other web related services.

Sin Chew, together with its subsidiaries, currently publish a total of 4 magazines and 2 Chinese daily newspapers, namely, *Sin Chew Daily* and *Guang Ming Daily*, in Malaysia. *Sin Chew Daily* is the largest Chinese daily newspaper, in terms of readership, in Malaysia and *Guang Ming Daily* is the third largest Chinese daily newspaper, in terms of readership, in Malaysia. *Sin Chew Daily* had a daily estimated circulation of 346,895 copies in West Malaysia and 43,066 copies in East Malaysia whilst *Guang Ming Daily* had a daily estimated circulation of 134,755 copies for the period from 1 July 2005 to 30 June 2006.

As at 31 March 2006, Sin Chew had an authorised share capital of RM250,000,000 comprising 500,000,000 shares and an issued and paid-up share capital of RM151,000,000 comprising 302,000,000 shares.

INFORMATION ON NANYANG PRESS

Nanyang Press was incorporated in Malaysia on 23 July 1958 under the name of Nanyang Press (Malaya) Limited. It changed its name to Nanyang Press (Malaya) Berhad on 15 April 1966 and was converted into a private limited company in 1974. Subsequently, it was re-converted into a public company in November 1988. Nanyang Press was primarily listed on the main board of Bursa Malaysia Securities on 17 April 1989. On 28 October 1998, it changed its name to Nanyang Press.

The principal activities of Nanyang Press are investment holding, letting of properties and provision of management services. The principal activities of its subsidiaries are the publication of newspapers and magazines, printing services, provision of internet related and electronic commerce services and development and distribution of third generation (3G) mobile entertainment content.

The newspapers and magazines published by Nanyang Press and its subsidiaries include *Nanyang Siang Pau*, *China Press*, *New Life Post*, *Feminine*, *New Tide*, *Long Life* and *Citta Bella*. *Nanyang Siang Pau* had an average daily circulation of about 124,000 copies whilst *China Press* had an average daily circulation of about 227,000 copies for the period from 1 July 2005 to 30 June 2006.

As at 30 June 2006, Nanyang Press had an authorised share capital of RM100,000,000 comprising 100,000,000 shares and an issued and paid-up share capital of RM77,446,938 comprising 77,446,938 shares (including 4,198,763 treasury shares).

CONTROLLING SHAREHOLDERS' INTEREST

Tan Sri Datuk Tiong is a Director and the controlling shareholder of the Company, via his interests in Seaview Global Company Limited and Conch Company Limited. He is also a director of Sin Chew and the controlling shareholder of Sin Chew, via his interests in Tiong Toh Siong Holdings Sdn Bhd and Teck Sing Lik Enterprise Sdn Bhd.

Tan Sri Datuk Tiong is also the controlling shareholder of Nanyang Press by virtue of his interests in Ezywood which entered into a conditional share sale agreement to acquire approximately 21.02% shares in Nanyang Press on 17 October 2006. The share sale agreement is pending completion. Upon completion of the conditional share sale agreement, Ezywood, Tan Sri Datuk Tiong and other persons acting in concert (collectively the “**Offeror**”) will extend a mandatory general offer for the remaining shares in Nanyang Press not owned by the Offeror, at the consideration of RM4.20 per share in cash.

Dr Tiong, a brother of Tan Sri Datuk Tiong, is a director of the Company and Sin Chew. Dr Tiong is also the controlling shareholder of the Company via his interests in Seaview Global Company Limited and Conch Company Limited.

REASONS FOR THE MERGER

The Merger involves the consolidation of the Company, Sin Chew and Nanyang Press to create a global Chinese language media group which the Directors believe will emerge as one of the largest global Chinese language print media platforms. Upon completion of the Merger, the Merged Group will own and/or operate and publish major Chinese language newspapers and various magazines in Malaysia, Hong Kong, the United States of America, Canada and Mainland China.

Given the presence of the large Chinese population globally and the increasing readership of newspapers and magazines in the Chinese language, the Merger will allow the Merged Group to leverage on its strong global platform to expand into the Chinese media market in China as well as globally. The platform will provide further growth opportunities in media related businesses for the Merged Group. In addition, the Merged Group is also expected to benefit from potential revenue and cost synergies arising from the larger combined operations.

As the Company, Sin Chew and Nanyang Press and together with their respective subsidiaries have significant operations in their respective countries of operations, namely Hong Kong and Malaysia, it is intended that the Merged Group will be primarily listed on the main board of both the Stock Exchange and Bursa Malaysia Securities. In this regard, the dual primary listing status of the Merged Group will not only allow the Merged Group to maintain their listing status in both countries, it will also allow the Merged Group to have greater access to larger capital markets which will facilitate any potential future expansions. In addition, the dual primary listing status of the Company will enhance the profile of the Merged Group amongst international investors.

For the reasons stated above, the Directors believe that the terms and conditions in the Heads of Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

EXCHANGE RATE

For illustrative purposes only, the exchange rate used in this announcement is RM0.4484 to HK\$1.00.

GENERAL

If and when the Merger Agreement is entered into, the Company will notify the Stock Exchange, and issue a further announcement, which will be followed by a circular containing the particulars required by the Listing Rules concerning the notifiable and connected transactions to the Shareholders and obtain the approval of the independent Shareholders of the Company in a general meeting.

The Board is also pleased to announce that BNP Paribas Capital (Asia Pacific) Limited has been appointed as the financial adviser to the Company with respect to the Merger.

DEFINITIONS

“Backstop Date”	30 April 2007 or such later date as may be agreed between the Company and Sin Chew
“Board”	the board of Directors
“Bursa Malaysia Securities”	Bursa Malaysia Securities Berhad
“Company”	Ming Pao Enterprise Corporation Limited, a company incorporated in Bermuda with limited liability and the shares of which are primarily listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Dr Tiong”	Dr Tiong Ik King
“Ezywood”	Ezywood Options Sdn Bhd, a company incorporated in Malaysia with limited liability
“Group”	the Company and its subsidiaries
“Heads of Agreement”	the heads of agreement dated 29 January 2007 between the Company and Sin Chew in relation to the Merger
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Merged Group”	the Company, Sin Chew and Nanyang Press, together with their respective subsidiaries
“Merger”	the proposed merger of the Company, Sin Chew and Nanyang Press taking the form of the conversion of all the issued shares in each of Sin Chew and Nanyang Press into Shares
“Merger Agreement”	the agreement(s) to be entered between the Company, Sin Chew and Nanyang Press in respect of the Merger
“Nanyang Press”	Nanyang Press Holdings Berhad, a company incorporated in Malaysia with limited liability and the shares of which are primarily listed on the main board of Bursa Malaysia Securities (Stock Code: 3964), and a connected person of the Company
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Sin Chew”	Sin Chew Media Corporation Berhad, a company incorporated in Malaysia with limited liability and the shares of which are primarily listed on the main board of Bursa Malaysia Securities (Stock Code: 5090), and a connected person of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tan Sri Datuk Tiong”

Tan Sri Datuk Tiong Hiew King

By Order of the Board
Ming Pao Enterprise Corporation Limited
Tiong Kiew Chiong
Director

Hong Kong, 29 January 2007

As at the date of this announcement, the Board comprises Tan Sri Datuk Tiong Hiew King, Mr Tiong Kiu King, Dr Tiong Ik King and Mr Tiong Kiew Chiong, being executive Directors; and Mr Tang Ying Yu, Mr David Yu Hon To and Mr Victor Yang, being independent non-executive Directors.

Please also refer to the published version of this announcement in South China Morning Post.