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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **SHANGHAI MING YUAN HOLDINGS LIMITED**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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SHANGHAI MING YUAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
GIANT POWER INTERNATIONAL LIMITED
INVOLVING ISSUE OF NEW SHARES**

AND

GENERAL MANDATE TO ISSUE SHARES

Financial Adviser

Henco & Associates

Henco Capital Limited

A notice convening a special general meeting of Shanghai Ming Yuan Holdings Limited (the "Company") to be held at the Company's office at Suite 2903, Tower II, Lippo Centre, 89 Queensway, Hong Kong on Wednesday, 5 March 2003 at 2:30 p.m. is set out in Appendix II of this Circular. Whether or not you are able to attend the meeting, shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's office at Suite 2903, Tower II, Lippo Centre, 89 Queensway, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you wish to do so, but the authority of your proxy will become invalid forthwith.

14 February, 2003

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition by Fun Area from Mr. Lee of the entire issued share capital of Giant Power pursuant to the Sale and Purchase Agreement
“Company”	Shanghai Ming Yuan Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the Stock Exchange
“Consideration Share(s)”	40,000,000 Shares to be issued and allotted to Mr. Lee at an issue price of HK\$1.00 per Share pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Fun Area”	Fun Area Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Giant Power”	Giant Power International Limited, a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“Heng King Tower”	Heng King International Commercial Tower (漢中皇國際商務大廈) located at 40 Jiang Su Lu, Chang Ning Qu, Shanghai, the PRC (中國上海市長寧區江蘇路40號)
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	12 February 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Letter Of Intent”	the letter of intent dated 22 November 2002 entered into between Fun Area and Mr. Lee pursuant to which Fun Area has in principle agreed to purchase and Mr. Lee has in principle agreed to sell the entire issued share capital of Giant Power
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mr. Lee”	Lee Kuan Teik, an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules)
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 January 2003 entered into between Fun Area as purchaser, Mr. Lee as vendor and Taiwan Heng King as guarantor to Mr. Lee in relation to the sale and purchase of the entire issued share capital of Giant Power
“Shanghai Heng King”	Shanghai Heng King International Real Estate Management Company Limited (上海漢中皇國際物業管理有限公司), a sino-foreign cooperative joint venture in Shanghai principally engaging in properties investment business which is currently owned by Taiwan Heng King
“Share(s)”	ordinary shares of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Special General Meeting”	the special general meeting of the Company to be held on Wednesday, 5 March 2003 at 2:30 p.m., the notice of which is set out in Appendix II of this circular
“Taiwan Heng King”	Taiwan Heng King International Corporation (台灣漢中皇股份有限公司), a private company incorporated in Taiwan to guarantee all the obligations and liabilities of Mr. Lee in relation to the Sale and Purchase Agreement and is an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Listing Rules)
“US\$”	United States dollars, the lawful currency of the United States of America

In this circular, all amounts in Renminbi were translated into Hong Kong dollars at an exchange rate of HK\$1.00: RMB1.06 for indication only.

LETTER FROM THE BOARD

SHANGHAI MING YUAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Yao Yuan (*Chairman*)
Mr. Chien Hoe Yong
Mr. Wu Jun

Registered office:

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Independent non-executive Directors:

Ms. Chiang Su Hui, Susie
Mr. Lam Lee G.
Mr. Yap Kah On

Head office and

principle place of business:

Suite 2903, Tower II
Lippo Centre
89 Queensway
Hong Kong

14 February, 2003

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF GIANT POWER INTERNATIONAL LIMITED INVOLVING ISSUE OF NEW SHARES

AND

GENERAL MANDATE TO ISSUE SHARES

INTRODUCTION

On 24 January 2003, the board of Directors announced that the Sale and Purchase Agreement was entered into between Mr. Lee, Fun Area and Taiwan Heng King on 22 January 2003. Pursuant to the Sale and Purchase Agreement, Fun Area agreed to purchase and Mr. Lee agreed to sell the entire issued share capital in Giant Power. Taiwan Heng King is the guarantor to Mr. Lee to guarantee all the obligations and liabilities of Mr. Lee in relation to the Sale and Purchase Agreement.

The consideration for the Acquisition is HK\$40,000,000, which will be satisfied by the issue and allotment by the Company of 40,000,000 new Shares at an issue price of HK\$1.00 each for the completion of the Acquisition. A refundable deposit of HK\$4,000,000 in cash, which has been paid by Fun Area to Mr. Lee on the signing of the Letter Of Intent and was financed by internal resources of the Company, will be refunded without interest to the Company upon completion of the Acquisition.

LETTER FROM THE BOARD

Completion of the Acquisition will take place within 5 business days following the fulfillment of all the conditions as set out in the Sale and Purchase Agreement provided that such date is not later than 23 May 2003 (or such later day as Mr. Lee and Fun Area may agree in writing). If the conditions are not satisfied on or before the date specified above or waived at the discretion of Fun Area (or such later date as Mr. Lee and Fun Area may agree in writing), the Sale and Purchase Agreement shall lapse.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Henco Capital Limited is appointed as the financial adviser to the Company in relation to the Acquisition.

In order to provide more flexibility to the Company to issue new Shares, the Directors propose to renew the general mandate to the Directors to issue up to 20 per cent. of the Shares in issue at the date of the Special General Meeting.

A Special General Meeting will be held for the purpose of considering and if thought fit, approving the renewal of the general mandate to the Directors to issue up to 20 per cent. of the Shares in issue at the date of the Special General Meeting.

The purpose of this circular is to provide you with further information regarding the Acquisition and the renewal of the general mandate to issue new Shares.

THE ACQUISITION

Parties

Vendor: Mr. Lee, the beneficial owner of the entire issued share capital of Giant Power and an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules)

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

Guarantor: Taiwan Heng King, a private company incorporated in Taiwan to guarantee all the obligations and liabilities of Mr. Lee in relation to the Sale and Purchase Agreement and is an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Listing Rules). The guarantee provided by Taiwan Heng King has come into effect upon the signing of the Sale and Purchase Agreement and shall continue until the fulfilment of all the obligations of Mr. Lee or, in a case that completion of the Acquisition does not proceed, shall continue until the full repayment of the refundable deposit and/or the penalty payment where applicable. Mr. Lee is one of the major shareholders of Taiwan Heng King

LETTER FROM THE BOARD

Date of the Sale and Purchase Agreement

22 January 2003

TERMS OF THE SALE AND PURCHASE AGREEMENT

Fun Area agreed to purchase and Mr. Lee agreed to sell his beneficially owned 1 ordinary share of US\$1.00 in Giant Power, representing the entire issued share capital of Giant Power, pursuant to the terms and conditions of the Sale and Purchase Agreement.

The Company has no interest in Giant Power prior to the Acquisition. Upon completion of the Acquisition, the Company will own the entire issued share capital of Giant Power and Giant Power will become an indirect wholly-owned subsidiary of the Company.

Consideration

The consideration for the Acquisition is HK\$40,000,000, which will be satisfied by the issue and allotment by the Company of 40,000,000 new Shares at an issue price of HK\$1.00 each for completion of the Acquisition. A refundable deposit of HK\$4,000,000 in cash, which has been paid on the signing of the Letter Of Intent and was financed by internal resources of the Company, will be refunded without interest to the Company upon completion of the Acquisition.

As agreed and stated in the Sale and Purchase Agreement, in the event that Mr. Lee fails to perform all the conditions set out under the Sale and Purchase Agreement on or before 23 May 2003 (or such later day as Mr. Lee and Fun Area may agree in writing), or that Mr. Lee has fulfilled all the conditions as set out in the Sale and Purchase Agreement but refuses to perform the Sale and Purchase Agreement with Fun Area on or before 23 May 2003 (or such later day as Mr. Lee and Fun Area may agree in writing), the refundable deposit of HK\$4,000,000 will be refunded in full to the Company together with a further HK\$4,000,000 payable to Fun Area by Mr. Lee as penalty payment. Only in the event that the Shares are no longer listed on the Stock Exchange for the period of time before the completion of the Acquisition, the refundable cash deposit of HK\$4,000,000 will not be refunded to Fun Area by Mr. Lee.

Taiwan Heng King has agreed to guarantee all the obligations and liabilities of Mr. Lee in relation to the Sale and Purchase Agreement until the fulfilment of all the obligations of Mr. Lee thereunder. In case completion of the Acquisition does not proceed and that Mr. Lee fails to repay such refundable deposit and/or fails to pay such penalty where applicable, Taiwan Heng King shall be responsible for the repayment of the abovementioned refundable deposit and/or the penalty payment.

The consideration for the Acquisition was determined based on arm's length negotiation between Fun Area and Mr. Lee. The Directors consider that the terms of the Acquisition including the consideration thereof to be fair and reasonable as far as the Shareholders are concerned and that the Acquisition is in the interest of the Company.

LETTER FROM THE BOARD

Conditions

Completion of the Acquisition is conditional upon satisfaction of certain conditions including, among other things:

1. Fun Area being satisfied with the due diligence exercise to be conducted on Giant Power and Shanghai Heng King;
2. the transfer of the shareholding of Shanghai Heng King from Taiwan Heng King to Giant Power and obtaining approvals from relevant authorities in the PRC;
3. obtaining approvals from relevant regulatory authorities in the PRC regarding the transformation of Shanghai Heng King from a sino-foreign cooperative joint venture to a wholly foreign-owned enterprise;
4. a legal opinion issued by a qualified PRC lawyer acceptable to Fun Area confirming, among others, the formalities regarding the incorporation of Shanghai Heng King and its operations and the legal titles and beneficial interests of Shanghai Heng King in Heng King Tower;
5. all authorisation, consents and approvals which shall be necessary for the Acquisition and to the other matters contemplated by the Sale and Purchase Agreement being obtained from appropriate governments, governmental and regulatory bodies and all such authorisations, consents and approvals remaining in full force and effective on completion of the Acquisition; and
6. the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares.

Completion

Completion of the Acquisition will take place within 5 business days following the fulfillment of all the conditions as set out in the Sale and Purchase Agreement provided that such date is not later than 23 May 2003 (or such later date as Mr. Lee and Fun Area may agree in writing). If the conditions are not satisfied on or before the date specified above or waived at the discretion of Fun Area (or such later date as Mr. Lee and Fun Area may agree in writing), the Sale and Purchase Agreement shall lapse.

CONSIDERATION SHARES

The issue price of HK\$1.00 for each Consideration Share is equivalent to:

- (i) a discount of 15.97% to the closing price of HK\$1.19 per Share as quoted on the Stock Exchange on 22 January 2003, being the date of the Sale and Purchase Agreement;
- (ii) a discount of 12.51% to the average closing price of the Shares of HK\$1.143 on the Stock Exchange for the last 10 trading days ended 22 January 2003;
- (iii) a discount of 1.96% to the closing price of HK\$1.02 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a discount of 4.58% to the average closing price of the Shares of HK\$1.048 on the Stock Exchange for the last 10 trading days ended the Latest Practicable Date.

LETTER FROM THE BOARD

The Consideration Shares represent approximately 9.53% of the total number of existing issued Shares and approximately 8.70% of the total number of issued Shares as enlarged by the issue of the Consideration Shares. The market value of the Consideration Shares to be issued, based on the closing price of HK\$1.02 per Share as at the Latest Practicable Date was HK\$40,800,000.

The Consideration Shares will be issued under the general mandate duly granted and approved by the Shareholders at the annual general meeting of the Company held on 28 May 2002.

LISTING APPLICATION

Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

INFORMATION ON GIANT POWER

Giant Power is an investment holding company incorporated in the British Virgin Islands which will hold the entire equity interest in Shanghai Heng King. The audited net loss for the year ended 31 December 2001 and the audited net asset value as at 31 December 2001 of Shanghai Heng King were approximately RMB1,267,000 and RMB3,376,000 respectively.

Giant Power has not prepared any audited or unaudited management accounts since its incorporation on 22 October 2002. Based on the estimated market value of approximately HK\$42,000,000 of Heng King Tower based on the expertise of the Directors in Shanghai property market as mentioned in the announcement of the Company dated 25 November 2002, the consideration payable by Fun Area for the Acquisition represents a discount of 4.76% to the estimated market value of Heng King Tower. Heng King Tower is currently 100 per cent. leased out and will contribute to the Company an expected annual rental income and management fees in an amount of approximately RMB5,000,000 after completion of the Acquisition. It is the Company's intention to hold Heng King Tower as an investment property for generating rental income for the Company.

Mr. Lee is an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the property trading and investment. The Directors consider that the Acquisition is in line with the Group's business strategy with a positive effect on the consolidated net asset value of the Group, and will allow the Group to further diversify its investments in the PRC. The board of Directors, including independent non-executive Directors, are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable as far as the Shareholders are concerned and that the Acquisition is in the interest of the Company.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below shows the shareholding structure of the Company upon the issue of the Consideration Shares:

	As at the date of the Latest Practicable Date		Upon issue of the Consideration Shares	
	Number of issued Shares	%	Number of issued Shares	%
Ming Yuan Investments Group Limited	312,624,443	74.5	312,624,443	68.02
Mr. Lee	—	—	40,000,000	8.70
Public shareholders	106,994,803	25.5	106,994,803	23.28
	<u>419,619,246</u>	<u>100</u>	<u>459,619,246</u>	<u>100</u>

GENERAL MANDATE TO ISSUE NEW SHARES

In order to provide more flexibility to the Company to issue new Shares, the Directors propose to put forward an ordinary resolution at a special general meeting seeking approval from the Shareholders to grant to the Directors a general mandate to issue up to 20 per cent. of the Shares in issue at the date of the Special General Meeting. The maximum number of Shares allowed to be issued based on the issued share capital of the Company as at the Latest Practicable Date was 83,923,849 Shares.

SPECIAL GENERAL MEETING

You will find in Appendix II of this circular a notice convening the Special General Meeting to be held at the Company's office at Suite 2903, Tower II, Lippo Centre, 89 Queensway, Hong Kong on Wednesday, 5 March 2003 at 2:30 p.m. for the purpose of considering and if thought fit, approving the renewal of the general mandate to the Directors to issue up to 20 per cent. of the Shares in issue at the date of the Special General Meeting.

A form of proxy for use at the Special General Meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's office at Suite 2903, Tower II, Lippo Centre, 89 Queensway, Hong Kong not less than 48 hours before the time fixed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you wish to do so, but the authority of your proxy will become invalid forthwith.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Shanghai Ming Yuan Holdings Limited
Yao Yuan
Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information relating to the Company contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in this circular relating to the Company misleading.

SHARE CAPITAL

<i>Authorised:</i>		<i>HK\$</i>
		<i>(Nominal value)</i>
<u>600,000,000</u>	Shares	<u>150,000,000</u>
		<i>HK\$</i>
<i>Issued (and fully paid up) inclusive of present issue:</i>		<i>(Nominal value)</i>
419,619,246	Shares of HK\$0.25 each in issue	104,905,000
40,000,000	Shares to be issued pursuant to the Sale and Purchase Agreement	10,000,000
13,000,000	Shares to be issued as consideration shares for acquisition of Fieldcrown Investments Limited (<i>Note</i>)	<u>3,250,000</u>
<u>472,619,246</u>	Shares	<u>118,155,000</u>

Note: 13,000,000 Shares to be issued as consideration shares for acquisition of Fieldcrown Investments Limited pursuant to the share transfer agreement dated 12 December 2002 and the supplemental agreement dated 23 January 2003 entered into between Fun Area as purchaser and Mr. Zhou Li Qun as vendor in relation to the sale and purchase of the entire issued share capital of Fieldcrown Investments Limited.

DISCLOSURE OF INTERESTS**Interests of Directors**

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company and its associated corporations (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including the interests which they were deemed or taken to have under section 31 of or Part I of the Schedule to the SDI Ordinance) or which were required, pursuant to section 29 of the SDI Ordinance, to be entered in the

register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Companies contained in the Listing Rules, were as follow:

Interests in the Shares

Name of Director	Number of Shares held				Percentage of total issued Shares	Number of share options held (Note 2)
	Personal Interests	Family interest	Corporate interests	Other Interest		
Mr. Yao Yuan	-	-	312,624,443 (Note 1)	-	74.5	-
Mr. Chien Hoe Yong	-	-	-	-	-	-
Mr. Wu Jun	-	-	-	-	-	-

Notes:

1. These Shares are held by Ming Yuan Investments Group Limited, a company which Mr. Yao Yuan owns 50 per cent. of its entire issued share capital.
2. There is no outstanding option of the Company as at the Latest Practicable Date.

Saved as disclosed herein, as at the Latest Practicable Date, none of the Directors had any interest in the share capital of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including the interests which they were deemed or taken to have under section 31 of or Part I of the Schedule to the SDI Ordinance) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, the Directors and the chief executives of the Company were not aware of any person, who was, directly or indirectly, interested in 10 per cent. or more of the nominal value of the issued share capital of the Company or any of its subsidiaries as at the Latest Practicable Date apart from the following:

Name	Attributable number of Shares	Percentage of issued Shares
Ming Yuan Investments Group Limited (Note 1)	312,624,443	74.5%
Mr. Yao Yuan (Note 2)	312,624,443	74.5%
Mr. Iu Chung (Note 3)	312,624,443	74.5%

Notes:

1. Ming Yuan Investments Group Limited, a company which Mr. Yao Yuan and Mr. Iu Chung own 50 per cent. of its entire issued share capital respectively.
2. These Shares are attributable to Mr. Yao Yuan in respect of his 50 per cent. interest in Ming Yuan Investments Group Limited.
3. These Shares are attributable to Mr. Iu Chung in respect of his 50 per cent. interest in Ming Yuan Investments Group Limited.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation.

LITIGATION

None of the members of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors or the Company to be pending or threatened by or against any member of the Group.

MISCELLANEOUS

- (a) The English text of this circular shall prevail over the Chinese text.
- (b) The registered office of the Company is at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. The share registrars of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) Mr. Poon Kwong Wai, Kenny, fellow member of Hong Kong Society of Accountants and The Association of Chartered Certified Accounts, is the chief financial officer and secretary of the Company.

SHANGHAI MING YUAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN THAT THE SPECIAL GENERAL MEETING of Shanghai Ming Yuan Holdings Limited (the “Company”) will be held at the Company’s office at Suite 2903, Tower II, Lippo Centre, 89 Queensway, Hong Kong on Wednesday, 5 March 2003 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined in (d) below) of all the powers of the Company to issue, allot, or otherwise deal with additional shares in the share capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval granted in paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital to be issued, allotted and dealt with or agreed conditionally or unconditionally to be issued, allotted and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to the following events, shall not exceed twenty per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution:
 - (i) a Right Issue (as defined in paragraph (d) below);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities including bonds and debentures which are convertible into shares of the Company;
 - (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the directors, officers and employees of the Company and/ or its subsidiaries of shares or rights to acquire shares in the Company; or
 - (iv) any scrip dividend or similar arrangement providing for the issue and allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company (as amended from time to time);

and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Shareholders in general meeting.

“Right Issue” means an offer of shares open for a period fixed by the Directors to the holders of shares of the Company or any class thereof whose names appear on the register on a fixed record dated in proportion to their then holdings of such shares of the Company or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any relevant jurisdiction applicable to the Company.

By Order of the Board

Yao Yuan

Chairman

Hong Kong, 14 February 2003

Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint a proxy in respect of part only of his holding of Shares. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting is enclosed.
- (3) To be valid, the form of proxy and the power or other authority, if any, under which is signed or a notarially certified copy of that power or authority must be deposited at the Company’s principal place of business in Hong Kong at Suite 2903, Tower II, Lippo Centre, 89 Queensway, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjourned meeting.