
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

PROPOSAL FOR SUBDIVISION OF SHARES
CHANGE OF BOARD LOT SIZE
AND
AMENDMENT OF MEMORANDUM OF ASSOCIATION

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, 2 April, 2003 at 10:00 a.m. is set out in the Appendix of this circular. Whether or not you are able to attend the meeting, shareholders of the Company 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.

* For identification only

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EXPECTED TIMETABLE FOR SHARE SUBDIVISION

Year 2003

Register of members closed from 27 March to 2 April

Latest time for lodging forms of proxy for
the Special General Meeting 10:00 a.m. on Monday, 31 March

Special General Meeting 10:00 a.m. on Wednesday, 2 April

Effective date of Share Subdivision Thursday, 3 April

Dealings in Subdivided Shares commence 9:30 a.m. on Thursday, 3 April

Existing counter for trading in Current Shares
in board lots of 2,000 Current Shares
temporarily closes 9:30 a.m. on Thursday, 3 April

Temporary counter for trading in Subdivided Shares
in board lots of 10,000 Subdivided Shares (in the
form of existing share certificates for
Current Shares) opens 9:30 a.m. on Thursday, 3 April

First day of free exchange of certificates for
Current Shares for new certificates for the
Subdivided Shares Thursday, 3 April

Existing counter for trading in Subdivided Shares in board
lots of 10,000 Subdivided Shares (in the form of new
certificates for Subdivided Shares) reopens 9:30 a.m. on Thursday, 17 April

Parallel trading in Subdivided Shares (in the form of
new certificates for Subdivided Shares and certificate
for Current Shares) commences 9:30 a.m. on Thursday, 17 April

Temporary counter for trading in Subdivided Shares
in board lots of 10,000 Subdivided Shares (in the form
of existing certificates for Current Shares) closes 4:00 p.m. on Wednesday, 14 May

Parallel trading in Subdivided Shares (in the form
of new certificates for Subdivided Shares and
certificates for Current Shares) ends 4:00 p.m. on Wednesday, 14 May

Last day for free exchange of certificates for
Current Shares for new certificates for
Subdivided Shares 4:00 p.m. on Monday, 19 May

DEFINITIONS

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

“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
“Agent”	South China Securities Limited at 28th Floor, Bank of China Tower, No.1 Garden Road, Central, Hong Kong
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change of Board Lot”	the proposal for the change of the board lot of the shares of the Company from 2,000 Current Shares to 10,000 Subdivided Shares upon the Share Subdivision becomes effective
“Company”	Shanghai Ming Yuan Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Conditions”	the conditions to which the Share Subdivision is subject as set out in the section headed “Conditions of the Share Subdivision” in this circular
“Consideration Shares”	40,000,000 shares of the Company to be issued and allotted to Mr. Lee at an issue price of HK\$1.00 per share of the Company pursuant to the Sale and Purchase Agreement
“Current Share(s)”	share(s) of HK\$0.25 each in the capital of the Company
“Directors”	the directors 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
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	7 March, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Association”	the memorandum of association of the Company
“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)
“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
“Shareholder(s)”	holder(s) of Current Shares or Subdivided Shares (as the context may indicate)
“Share Subdivision”	the proposal that each of the existing issued and unissued shares of HK\$0.25 in the share capital of the Company be subdivided into five shares of HK\$0.05 each as described herein
“Special General Meeting”	the special general meeting of the Company to be convened on Wednesday, 2 April, 2003 at 10:00 a.m., the notice of which is set out in the Appendix of this Circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	the share(s) of HK\$0.05 each in the capital of the Company which will result from the Share Subdivision
“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 executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Listing Rules)
“HK\$” and “cents”	Hong Kong dollars and cents respectively

LETTER FROM THE CHAIRMAN

SHANGHAI MING YUAN HOLDINGS LIMITED
上海銘源控股有限公司*

(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

12 March, 2003

To the Shareholders

Dear Sir or Madam,

**PROPOSAL FOR SUBDIVISION OF SHARES
CHANGE OF BOARD LOT SIZE
AND
AMENDMENT OF MEMORANDUM OF ASSOCIATION**

INTRODUCTION

The Board announced on 27 February, 2003, among other things, the proposal for the Share Subdivision, the Change of Board Lot and the amendment of Memorandum of Association.

The purpose of this circular is to provide further details regarding, among other things, the Share Subdivision, the odd lot arrangement, exchange of share certificates in respect of the Subdivided Shares, appointment of the Agent, change in the number and issue price of the Consideration Shares, the amendment of the Memorandum of Association and the recommendations of the Board.

* *For identification only*

LETTER FROM THE CHAIRMAN

SHARE SUBDIVISION

1. The Share Subdivision and the Change of Board Lot

The Board proposes that each of the existing issued and unissued shares of HK\$0.25 in the capital of the Company be subdivided into five Subdivided Shares of HK\$0.05 each. The Board also proposes to change the board lot of the share of the Company from 2,000 Current Shares to 10,000 Subdivided Shares upon the Share Subdivision becomes effective. The Board is of the view that the Share Subdivision and the Change of Board Lot are in the interests of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$150,000,000 divided into 600,000,000 Current Shares, of which 432,619,246 Current Shares are in issue and fully paid. Immediately upon the Share Subdivision becomes effective, the authorised share capital of the Company will be HK\$150,000,000 comprising 3,000,000,000 Subdivided Shares, of which 2,163,096,230 Subdivided Shares will be in issue and fully paid (assuming that no Current Shares are issued or repurchased on or after the Latest Practicable Date and prior to the Share Subdivision becomes effective). The Subdivided Shares will rank pari passu in all respects with the Current Shares in issue prior to the Share Subdivision (but their nominal value will be different) and the rights attaching to the Subdivided Shares will not be affected by the Share Subdivision.

2. Reason

The Board considers that, in view of the prevailing market condition, the lower price per share following the Share Subdivision will enable the Company to attract more investors, hence widening its shareholder base.

3. Effects

Apart from the payment of costs for the Share Subdivision, implementation of the Share Subdivision will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders. The Board believes that the Share Subdivision will not have a material adverse effect on the financial position of the Group.

CONDITIONS OF THE SHARE SUBDIVISION

The Share Subdivision is conditional upon (a) the passing of an ordinary resolution by the Shareholders at the Special General Meeting; (b) the Bermuda Monetary Authority granting its consent to the Share Subdivision, if any; and (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares. Subject to the granting of the listing of, and permission to

LETTER FROM THE CHAIRMAN

deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transaction between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

ODD LOT ARRANGEMENT

In order to facilitate the trading of odd lots of Subdivided Shares as a result of the Share Subdivision, the Company has appointed the Agent to provide the service to match the sale and purchase of odd lots of the Current Shares during the period from Thursday, 17 April, 2003 to Wednesday, 14 May, 2003, both days inclusive. Holders of Current Shares in odd lots who wish to take advantage of this facility may contact the Agent during the aforesaid period as follows:

Contact Person	Telephone number
Ms Pansy Au	(852) 2820 6313

Holders of Current Shares in odd lots should note that the matching of the sale and purchase of odd lots of Current Shares is not guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the facility described above.

TRADING ARRANGEMENTS FOR THE SUBDIVIDED SHARES

The Current Shares are listed and dealt in on the Stock Exchange. No part of the Current Shares are listed or dealt in on any other stock exchange, nor is the listing of, and permission to deal in, the Current Shares or Subdivided Shares on any other stock exchange being or proposed to be sought.

1. Dealings

Subject to the Share Subdivision becoming unconditional, the arrangements for dealings in the Subdivided Shares are expected to be as follows:

- (a) From Thursday, 3 April, 2003, the existing counter for trading in the Current Shares in board lots of 2,000 Current Shares will be closed temporarily and a temporary counter for trading in the Subdivided Shares in board lots of 10,000 Subdivided Shares will be set up. Accordingly, one Current Share will be deemed to represent five Subdivided Shares. Certificates for Current Shares may only be traded at the temporary counter.

LETTER FROM THE CHAIRMAN

- (b) With effect from Thursday, 17 April, 2003, the existing counter for trading in the Current Shares will be reopened for trading in Subdivided Shares in board lots of 10,000 Subdivided Shares. Only new certificates for the Subdivided Shares can be traded at this counter.
- (c) During the period from Thursday, 17 April, 2003 to Wednesday, 14 May, 2003 (both days inclusive), there will be parallel trading at the above two counters.
- (d) With effect from 9:30 a.m. on Thursday, 15 May, 2003, trading will only be in the Subdivided Shares in board lots of 10,000 Subdivided Shares and the temporary counter for trading in the Subdivided Shares in board lots of 10,000 Subdivided Shares will be removed after the close of trading on Wednesday, 14 May, 2003. Dealings in the Subdivided Shares represented by certificates for the Current Shares will cease after the close of trading on Wednesday, 14 May, 2003.
- (e) All the existing certificates for Current Shares will be valid for delivery and settlement only in respect of dealings for the period up to 4:00 p.m., 14 May, 2003 and thereafter will not be accepted for dealing purposes. However, the existing certificates for the Current Shares will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Current Share for five Subdivided Shares and may be exchanged for new certificates for Subdivided Shares. Shareholders will be entitled to tender their existing certificates for the Current Shares in exchange for new certificates for the Subdivided Shares in board lots of 10,000 Subdivided Shares so that their shareholding may be accurately represented by the new certificates for the Subdivided Shares.

2. Free exchange of certificates

Shareholders are urged to exchange their blue certificates for the Current Shares for new light green certificates for Subdivided Shares as soon as possible on or after Thursday, 3 April, 2003. This may be done free of charge by delivering the certificates for the Current Shares to the Company's branch share registrars, Computershare Hong Kong Investor Services Ltd. at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:00 p.m. on Monday, 19 May, 2003. Thereafter, certificates for the Current Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange). The fee is calculated according to either (a) the number of new certificate(s) to be issued for Subdivided Shares or (b) the number of certificate(s) for the Current Shares in exchange for the new certificates (whichever is the higher amount).

Unless instructed otherwise, new certificates for Subdivided Shares will be issued in board lots of 10,000 Subdivided Shares.

LETTER FROM THE CHAIRMAN

AMENDMENT OF MEMORANDUM OF ASSOCIATION

As the par value of the shares of the Company will be changed from HK\$0.25 per Current Share to HK\$0.05 per Subdivided Share as a result of the Share Subdivision, the Directors also propose to amend clause 6 of the Memorandum of Association to reflect the new par value of the shares of the Company. A special resolution will be proposed at the Special General Meeting to approve the aforesaid amendment. The proposed amendment to clause 6 of the Memorandum of Association is detailed under resolution numbered 2 in the notice of Special General Meeting.

ACQUISITION OF GIANT POWER

With reference to the announcement and the circular of the Company dated 24 January, 2003 and 14 February, 2003 respectively regarding the Acquisition, the Company will issue and allot the Consideration Shares to Mr. Lee at the completion of the Acquisition pursuant to the Sale and Purchase Agreement. As the par value of the shares of the Company will be changed from HK\$0.25 per Current Share to HK\$0.05 per Subdivided Share as a result of the Share Subdivision, the number and issue price of the Consideration Shares will be changed to 200,000,000 Subdivided Shares and HK\$0.20 respectively subject to the Share Subdivision becomes effective.

SPECIAL GENERAL MEETING

You will find in the Appendix 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, 2 April, 2003 at 10:00 a.m. for the purpose of considering and if thought fit, approving the Share Subdivision and the amendments of the Memorandum of Association.

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.

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 contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

LETTER FROM THE CHAIRMAN

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Memorandum of Association will be available for inspection at the office of Morrison & Foerster at 21st Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong during normal business hours up to and including 2 April, 2003.

RECOMMENDATION

The Directors are of the opinion that the Share Subdivision (including the related amendment of the Memorandum of Association) is in the interests of the Company and the Shareholders and recommend that Shareholders vote in favour of the ordinary and special resolutions to be proposed at the Special General Meeting.

Yours faithfully,
By Order of the Board
Shanghai Ming Yuan Holdings Limited
上海銘源控股有限公司*
Yao Yuan
Chairman

* *For identification only*

SHANGHAI MING YUAN HOLDINGS LIMITED

上海銘源控股有限公司*

(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, 2 April, 2003 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION

1. “**That** subject to and conditional upon (i) the approval from the Bermuda Monetary Authority, if any, and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of the Company in their subdivided form, every share of HK\$0.25 in the issued and unissued share capital of the Company be and is hereby subdivided into five shares of HK\$0.05 each with effect from 3 April, 2003 and the directors of the Company be and are hereby authorised to execute or authorise such things and such documents as they may consider necessary or desirable in connection therewith.”

SPECIAL RESOLUTION

2. “**That** conditional upon the subdivision of shares referred to in resolution number 1 above coming into effect, clause 6 of the Company’s memorandum of association be and is hereby deleted in its entirety and substituted with:

“6. The authorised share capital of the Company is HK\$150,000,000 divided into shares of HK\$0.05 each. The minimum subscribed share capital of the Company is HK\$100,000.”

and the directors of the Company be and are hereby authorised to execute or authorise such things and such documents as they may consider necessary or desirable in connection therewith.”

By Order of the Board
Shanghai Ming Yuan Holdings Limited
上海銘源控股有限公司*
Yao Yuan
Chairman

Hong Kong, 12 March, 2003

* *For identification only*

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.