
THIS DOCUMENT 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 you should take, 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 together with the form of proxy for use at the 2003 Annual General Meeting annexed to the Annual Report of the Company for the year ended 31st December, 2002 to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

SHANGHAI MING YUAN HOLDINGS LIMITED

上海銘源控股有限公司*

(incorporated in Bermuda with limited liability)

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
TO BE PROPOSED AT THE 2003 ANNUAL GENERAL MEETING**

* *For identification purpose only*

DEFINITIONS

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

“2003 Annual General Meeting”	annual general meeting of the Company to be held on Monday, 9th June, 2003 at 2:30 p.m.
“Associates”	has the meaning ascribed thereto in the Listing Rules
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“Company”	Shanghai Ming Yuan Holdings Limited, an exempted company duly incorporated in Bermuda with limited liability and whose issued Shares are listed and traded on the Stock Exchange
“Connected Person”	as defined in the Listing Rules, a director, chief executive or substantial shareholder of a company whose securities are listed and traded on the Stock Exchange, or any of its subsidiaries or their respective Associates
“Directors”	directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25th April, 2003, being the latest practicable date for the purpose of ascertaining certain information in this circular prior to the printing of this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange (as amended)
“Repurchase Proposal”	proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of ten per cent. of the issued share capital of the Company at the date of passing the Repurchase Resolution
“Repurchase Resolution”	proposed ordinary resolution as referred to in item no. 4 of the notice of the 2003 Annual General Meeting dated 29th April, 2003

DEFINITIONS

“Share(s)”	share(s) of \$0.05 each in the share capital of the Company which carry(ies) a right of voting at all general meetings of the Company
“Share Buy Back Rules”	relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange
“Share Subdivision”	A special resolution was passed at an extraordinary general meeting of the Company held on 2nd April, 2003 to subdivide each of the issued and unissued shares of \$0.25 each in the Company into five shares of \$0.05 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD

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

(incorporated in Bermuda with limited liability)

Directors:

Mr. Yao Yuan (*Executive Chairman*)

Mr. Chien Hoe Yong, Henry

Mr. Hu Jun

Mr. Lam Lee G.*

Mr. Yap Kah On*

Mr. Chiang Su Hui, Susie*

* *Independent non-executive directors*

Registered office:

Cedar House,
41 Cedar Avenue,
Hamilton HM12,
Bermuda.

Principal place of business:

Suite 2903,
Tower II,
Lippo Centre,
89 Queensway
Hong Kong

29th April, 2003

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
TO BE PROPOSED AT THE 2003 ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you for your consideration with details regarding the general mandates to repurchase and issue Shares proposed to be granted to the Directors as required by the Listing Rules. Resolutions relating to such matters, as set out in full under items no. 4, 5 and 6 in the notice of the 2003 Annual General Meeting, will be proposed at the 2003 Annual General Meeting. Notice of the 2003 Annual General Meeting is contained in the annual report of the Company for the year ended 31st December, 2002 which accompanies this circular.

* *For identification purpose only*

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 28th May, 2002, approval was given by shareholders for the granting of, among other things, a general mandate to the Directors to exercise the powers of the Company to repurchase issued and fully paid up Shares on the Stock Exchange or any other recognised stock exchange representing up to ten per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing the relevant resolution. So far, no Shares have been repurchased pursuant to that mandate. In accordance with the terms of that approval, such general mandate will lapse at the conclusion of the 2003 Annual General Meeting. To keep in line with current corporate practice, the grant of a fresh mandate for the same purpose is being sought from you and the Repurchase Resolution to grant a general mandate for the share repurchases will be proposed at the 2003 Annual General Meeting.

In accordance with the Share Buy Back Rules, the Company is required to send you an explanatory statement containing the requisite information of the Repurchase Proposal to enable you to make an informed decision on whether to vote for or against the Repurchase Resolution. This explanatory statement is set out in Appendix hereto.

GENERAL MANDATE TO ISSUE SHARES

Two other ordinary resolutions will also be proposed at the 2003 Annual General Meeting respectively to:

- (i) grant to the Directors a general mandate to issue, allot and deal with new Shares not exceeding twenty per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing the resolution; and
- (ii) extend such general mandate so granted to the Directors by adding to it the number of any Shares repurchased by the Company after the granting of the general mandate to repurchase up to ten per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing the Repurchase Resolution.

PROXY ARRANGEMENT AND VOTING

Annexed to the Annual Report of the Company for the year ended 31st December, 2002 is a form of proxy for use at the 2003 Annual General Meeting. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, with the Company Secretary of the Company at Suite 2903, Tower II, Lippo Centre, 89 Queensway, Hong Kong not later than 48 hours before the time appointed for holding the 2003 Annual General Meeting or any

LETTER FROM THE BOARD

adjournment thereof. Completion and return of the form of proxy will not prevent you from attending in person and voting at the 2003 Annual General Meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors consider that the Repurchase Proposal and the general mandate to issue new Shares are both in the best interests of the Company and its shareholders. Accordingly, the Directors recommend all shareholders to vote in favour of all of the relevant resolutions set out in the notice of the 2003 Annual General Meeting.

By the Order of the Board
Chien Hoe Yong, Henry
Director

This appendix serves as an explanatory statement, as required by the Share Buy Back Rules, to provide the requisite information to you for your consideration of the proposal to authorise the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of ten per cent. of the issued share capital of the Company at the date of passing the Repurchase Resolution during the period set out therein.

(A) NUMBER OF SHARES TO BE REPURCHASED

As at the Latest Practicable Date, the number of issued and fully paid up Shares was 2,163,096,230. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the 2003 Annual General Meeting, the Directors would be allowed under the Repurchase Resolution to repurchase a maximum of 216,309,623 Shares.

(B) REASONS FOR SHARE REPURCHASE

The Directors believe that the flexibility afforded by the Repurchase Proposal is in the best interests of the Company and its shareholders.

Trading conditions on the Stock Exchange have sometimes been volatile in recent years. If at any time in the future when depressed market conditions arise and Shares are trading at a discount to their underlying value, the ability of the Company to repurchase Shares will be beneficial to those shareholders who retain their investment in the Company since their percentage interests in the assets of the Company would increase as a result of Shares repurchased by the Company.

Such repurchases may, depending on the market conditions and funding arrangements at the time of repurchase, also result in an increase in net asset value and/or earnings per Share and will only be made when and to the extent that the Directors believe that such repurchases will benefit the Company and its shareholders. Furthermore, such repurchases will lead to an increased volume of trading in Shares on the Stock Exchange. The Directors are therefore seeking the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate.

(C) FUNDING OF SHARE REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the applicable laws of Bermuda. The Companies Act provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may be paid out of either the profits that would be available for dividend or the share premium or

contributed surplus accounts of the Company. The Directors propose that repurchases of Shares under the Repurchase Proposal will be financed from the available cash or working capital facilities of the Company and its subsidiaries.

There could be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the published audited consolidated accounts of the Company for the year ended 31st December, 2002 contained in the annual report for the year ended 31st December, 2002) in the event that the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to implement the Repurchase Proposal to such extent as would, in the circumstances, have an adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(D) DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective Associates have a present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal in the event that the Repurchase Proposal is approved by the shareholders. No Connected Persons of the Company have notified the Company that they have a present intention to sell any Shares held by them to the Company or its subsidiaries nor have they undertaken not to do so in the event that the Repurchase Proposal is approved by the shareholders.

(E) UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make Share repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Bermuda.

(F) TAKEOVERS CODE

If, on exercise by the Directors of the powers of the Company to repurchase Shares pursuant to the Repurchase Proposal, a shareholder's proportionate interest in the voting rights of the Company increases, such an increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert could, depending on the level of increase of the shareholder's interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge of the Company, Ming Yuan Investments Group Limited (a wholly-owned subsidiary of Ming Yuan Holdings Limited, of which 50% is held by Mr. Yao Yuan) (“Ming Yuan”) held 312,624,443 Shares, representing about 72.3 per cent. of the issued share capital of the Company.

Accordingly, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the Repurchase Resolution to be proposed at the 2003 Annual General Meeting, the percentage shareholding of Ming Yuan will increase to 80.3% which would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. In the event that the Repurchase Proposal is implemented in full, the number of Shares held by the Public would fall below such 25 per cent. However, the Directors have no intention to exercise the repurchase mandate to such an extent as will result in the number of Shares in the hands of the public falling below the prescribed minimum aggregate percentage (under the Listing Rules) of 25 per cent.

(G) SHARE REPURCHASES MADE BY THE COMPANY

The Company has not repurchased any Shares in the six months prior to the date of this circular (whether on the Stock Exchange or otherwise).

(H) SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange, adjusted for Share Subdivision, during each of the previous twelve months before the printing of this circular were as follows:

	Highest	Lowest
	\$	\$
2002: April	0.20	0.19
May	0.23	0.19
June	0.25	0.21
July	0.25	0.19
August	0.24	0.10
September	0.11	0.10
October	0.15	0.10
November	0.20	0.15
December	0.22	0.17
2003: January	0.25	0.18
February	0.21	0.19
March	0.22	0.17