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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

上海銘源控股有限公司*

(incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF HD GLOBAL LIMITED INVOLVING ISSUE OF NEW SHARES

Financial Adviser

**Henco & Associates
Henco Capital Limited**

* *For identification only*

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DEFINITIONS

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

“Acquisition”	the acquisition by the Company from the Vendors of the entire issued share capital of HD Global pursuant to the Sale and Purchase Agreement
“Beijing HD”	Beijing HealthDigit Co., Ltd, a company established in the PRC principally engaging in the sale of equipment and proteomic products for parallel analysis of protein signals manufactured by Huzhou HD
“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)”	225,000,000 new Shares to be issued and allotted to the Vendors at an issue price of HK\$0.20 per new Share pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Dr. Hu”	Dr. Gengxi Hu, 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)
“Group”	the Company and its subsidiaries
“HD Global”	HD Global Limited, a company incorporated in the British Virgin Islands with limited liability
“HD Group”	HD Global, Shanghai HD, Huzhou HD and Beijing HD
“HGX Holdings”	HGX Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“HGX International”	HGX International Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Huzhou HD”	Huzhou HealthDigit Co., Ltd, a company established in the PRC principally engaging in the manufacture of equipment and proteomic products for parallel analysis of protein signals to effectively detect complex diseases, such as cancer, with the use of self-developed novel biochip technologies
“Latest Practicable Date”	27 May 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	Mr. Lo Shing Fung, 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)
“PAI”	Premier Asset Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Profit Guarantee”	the profit guarantee provided to PAI by the Vendors, Mr. Lo and Dr. Hu that the audited consolidated net profit after tax of HD Global prepared in accordance with Generally Accepted Accounting Principles in Hong Kong for the year ended 31 December 2003 will not be less than HK\$30,000,000
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 May 2003 entered into between PAI as purchaser, the Vendors as vendors and, Mr. Lo and Dr. Hu as the guarantors in relation to the sale and purchase of the entire issued share capital of HD Global
“SCL”	Sunrise City International Limited, a company incorporated in the British Virgin Islands with limited liability

DEFINITIONS

“Shanghai HD”	Shanghai HealthDigit Co., Ltd, a wholly foreign-owned enterprise established in the PRC principally engaging in the research, development and commercialisation of proteomic products for parallel analysis of protein signals to effectively detect complex diseases, such as cancer, with the use of self-developed novel biochip technologies and providing related technology consultancy services
“Share(s)”	ordinary shares of HK\$0.05 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	WIL, SCL, HGX International and HGX Holdings
“WIL”	Winchem International Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

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.

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. Hu Jun

Registered office:

Cedar House

41 Cedar Avenue

Hamilton HM 12

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

30 May 2003

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
HD GLOBAL LIMITED
INVOLVING ISSUE OF NEW SHARES**

INTRODUCTION

On 13 May 2003, the board of Directors announced that the Sale and Purchase Agreement was entered into between the Vendors, PAI as the purchaser and Mr. Lo and Dr. Hu as the guarantors on 12 May 2003. Pursuant to the Sale and Purchase Agreement, PAI agreed to purchase and each of the Vendors agreed to sell their respective shareholdings in HD Global, which together represents the entire issued share capital of HD Global. Mr. Lo and Dr. Hu are the guarantors to the Vendors to jointly and severally guarantee all the obligations and liabilities of the Vendors in relation to the Sale and Purchase Agreement other than the Profit Guarantee where the liabilities of Mr. Lo and Dr. Hu are only several.

* *For identification only*

LETTER FROM THE BOARD

The consideration for the Acquisition is HK\$45,000,000, which will be satisfied by the issue and allotment by the Company of 225,000,000 new Shares at an issue price of HK\$0.20 each at completion of the Acquisition.

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 11 July 2003 (or such later date as the parties may agree in writing).

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

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

The purpose of this circular is to provide you with further information regarding the Acquisition.

ACQUISITION OF HD GLOBAL

Date of the Sale and Purchase Agreement

12 May 2003

Parties

Vendors: WIL, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Mr. Lo

SCL, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Mr. Lo

HGX International, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Dr. Hu

HGX Holdings, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Dr. Hu

WIL, SCL, HGX International and HGX Holdings is interested in 50% (representing 1,000,000 shares), 10% (representing 200,000 shares), 34% (representing 680,000 shares) and 6% (representing 120,000 shares) respectively of the entire issued share capital of HD Global prior to completion of the Acquisition.

LETTER FROM THE BOARD

- Purchaser: PAI, a wholly-owned subsidiary of the Company
- Guarantors: Mr. Lo, the beneficial owner of the entire issued share capital of WIL and SCL, and Dr. Hu, the beneficial owner of the entire issued share capital of HGX International and HGX Holdings, to jointly and severally guarantee all the obligations and liabilities of the Vendors in relation to the Sale and Purchase Agreement other than the Profit Guarantee where the liabilities of Mr. Lo and Dr. Hu are only several. Mr. Lo and Dr. Hu are independent third parties 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)

Terms of the Sale and Purchase Agreement

PAI agreed to purchase and the Vendors agreed to sell their respective beneficially owned 2,000,000 ordinary shares of US\$1.00 each in HD Global, representing the entire issued share capital of HD Global, pursuant to the terms and conditions of the Sale and Purchase Agreement.

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

Consideration

The consideration for the Acquisition is HK\$45,000,000, which will be satisfied by the issue and allotment by the Company of 225,000,000 new Shares at an issue price of HK\$0.20 each, in which 135,000,000 new Shares will be issued and allotted to Mr. Lo (or his nominee(s)) and 90,000,000 new Shares will be issued and allotted to Dr. Hu (or his nominee(s)) at completion of the Acquisition.

As agreed and stated in the Sale and Purchase Agreement, in the event that the conditions are not satisfied or waived on or before 11 July 2003 (or such later date as the parties thereto may agree in writing), the Sale and Purchase Agreement shall lapse.

The consideration for the Acquisition was determined based on arm's length negotiation between PAI and the Vendors. The consideration for the Acquisition was agreed by PAI and Vendors and was arrived at based on a prospective price-earning ratio of 1.5 times with reference to the Profit Guarantee provided by the Vendors, Mr. Lo and Dr. Hu. The Directors consider that the terms of the Sale and Purchase Agreement, 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 the satisfaction of certain conditions including, among other things:

1. PAI being satisfied with the due diligence exercise to be conducted on the paid-up capital and/or capital contribution of HD Global and its subsidiaries being fully paid up by the Vendors;
2. a legal opinion issued by a qualified PRC lawyer acceptable to PAI confirming, among other things, the formalities regarding the incorporation of Shanghai HD, Huzhou HD and Beijing HD, their operations and the legal titles of their properties, including, but not limited to, a manufacturing plant in Huzhou;
3. the 800,000 shares of HD Global, being the total number of shares of HD Global held by HGX International and HGX Holdings, being fully paid up by HGX International and HGX Holdings in an aggregate amount of US\$800,000;
4. the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares; and
5. all authorisations, 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 governmental and regulatory bodies and all such authorisations, consents and approvals remain in full force and effective on completion of the Acquisition.

PAI may from time to time waive any of the conditions as set out in the Sale and Purchase Agreement (other than conditions (4) and (5) above) by notice to the Vendors, Mr. Lo and Dr. Hu.

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 11 July 2003. If any of the conditions are not satisfied on or before the date specified above or waived at the discretion of PAI (or such later date as the parties may agree in writing), the Sale and Purchase Agreement shall lapse.

The Profit Guarantee

Pursuant to the Profit Guarantee, (i) WIL, SCL and Mr. Lo (together, "Party A") and (ii) HGX International, HGX Holdings and Dr. Hu (together, "Party B") have each guaranteed that the audited consolidated net profit after tax of HD Global prepared in accordance with

LETTER FROM THE BOARD

Generally Accepted Accounting Principles in Hong Kong for the year ended 31 December 2003 (the “Profits”) will not be less than HK\$30,000,000. In the event that the Profits fall short of the amount provided under the Profit Guarantee, Party A and Party B are liable to pay to PAI their respective guaranteed portions in accordance to their respective aggregate shareholdings in HD Global (being 60% and 40% respectively) of the shortfall on a dollar for a dollar basis within 7 business days commencing from the date of the receipt of a written notice from PAI, but in any event such amount shall be not more than an aggregate amount of HK\$30,000,000.

Each of WIL, SCL and Mr. Lo has jointly and severally guaranteed the obligations and liability of Party A in relation to the Profit Guarantee. Each of HGX International, HGX Holdings and Dr. Hu has jointly and severally guaranteed the obligations and liability of Party B in relation to the Profit Guarantee.

CONSIDERATION SHARES

The issue price of HK\$0.20 for each Consideration Share is equivalent to:

- (i) a premium of 5.26% to the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on 12 May 2003, being the date of the Sale and Purchase Agreement;
- (ii) the average closing price of the Shares of approximately HK\$0.20 on the Stock Exchange for the last 10 trading days ended 12 May 2003;
- (iii) a premium of 14.29% to the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a premium of 14.94% to the average closing price of the Shares of HK\$0.174 on the Stock Exchange for the last 10 trading days ended the Latest Practicable Date.

The Consideration Shares represent approximately 10.40% of the total number of existing issued Shares and approximately 9.42% 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\$0.175 per Share as at the Latest Practicable Date, was HK\$39,375,000.

The Consideration Shares will be issued under the general mandate duly granted and approved by the Shareholders at the special general meeting of the Company held on 5 March 2003 and will rank pari passu in all respects with all other Shares in issue.

LETTER FROM THE BOARD

LISTING APPLICATION

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

INFORMATION ABOUT HD GLOBAL

HD Global is an investment holding company incorporated on 3 August 2001 in the British Virgin Islands which holds, indirectly, 95% interests in Huzhou HD through Shanghai HD, a wholly-owned subsidiary of HD Global. Dr. Hu is currently the beneficial owner of the remaining 5% interests in Huzhou HD. Huzhou HD, in turn, holds 80% interests in Beijing HD and the remaining 20% interests of Beijing HD is currently held by 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). No production or sale has been conducted by HD Global since its incorporation.

The HD Group is currently engaged in the research, development and commercialisation of proteomic products to effectively detect complex diseases mainly cancer and diseases caused by immunological disorder at an early stage, namely protein chip system (the “Protein Chip System”). The HD Group obtained from the State Food and Drug Administration of the PRC the “Category 1” approval for the production and use of the Protein Chip System in hospitals, clinics, healthcare centers and cancer institutes across the country. It is also the first and currently the only company with classification of “Category 1” approval to use this technology in the PRC to detect cancer by using proteomic products in a simultaneously method.

The HD Group is also currently conducting research and expanding the development of the protein-based technology to target the detection of abnormal fetal development prior to and during pregnancy and autoimmune diseases.

HD Global has not prepared any audited consolidated accounts since its incorporation. The unaudited net losses of HD Global for the year ended 31 December 2002 and for the period from 1 January 2003 to 31 March 2003 were approximately US\$1,989 and US\$128 respectively. The unaudited net asset value of HD Global as at 31 December 2002 and 31 March 2003 were approximately US\$1,995,944 and US\$1,995,816 respectively.

Information about Protein Chip System

Protein Chip System is a multi-tumor marker detection system, which can provide integrated analytical system for parallel detection of multiple types of cancers by a drop of serum from the patient. It can provide simultaneously testing for multiple patients of up to 40 persons and the results available within two to three hours.

LETTER FROM THE BOARD

With the development by proprietary technologies, this Protein Chip System is an innovative parallel cancer detection platform.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in property trading and investment. Leveraging onto the stable rental income generated from the Group's property investment businesses, the Directors believe that the Acquisition provides an opportunity for the Group to explore and invest in bio-technology businesses in the PRC which has been leading a rapid growth and showing its enormous promising potential driven by the growing market needs, the continuous affluence, the improvement of living standards and the additional concern and attention towards personal health status. Accordingly the Directors believe that the diversification into bio-technology business by the Company will present a niche market particularly in the PRC. The Acquisition will bring along a positive effect on the net asset value of the Group. The Directors also believe that the Acquisition will allow the Group to further diversify its investments in the PRC and to explore high-growth and profitable business potential in the bio-technology sector.

With the continuous support by the expertise of Dr. Hu after completion of the Acquisition, the Company intends to expand the scope of the product portfolio of HD Global by continuously developing new products and applications based on the protein chip technology.

The board of Directors, including independent non-executive Directors, are of the view that the terms of the Sale and Purchase Agreement, including the consideration thereof, are fair and reasonable as far as the Shareholders are concerned and that the Acquisition is in the interest of the Company. There will not be any change in the board composition of the Company upon completion of Acquisition.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The authorised share capital of the Company as at the Latest Practicable Date is HK\$150,000,000 divided into 3,000,000,000 Shares. The table below shows the shareholding structure of the Company before and after completion of the Acquisition and the issue of the Consideration Shares:

	As at the date of the Latest Practicable Date and prior to the completion of the Acquisition		Upon completion of the Acquisition	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>
Ming Yuan Investments Group Limited	1,563,122,215	72.3	1,563,122,215	65.45
Mr. Lo or his nominee(s)	–	–	135,000,000	5.65
Dr. Hu or his nominee(s)	–	–	90,000,000	3.77
Public shareholders	599,974,015	27.7	599,974,015	25.12
	<u>2,163,096,230</u>	<u>100</u>	<u>2,388,096,230</u>	<u>100</u>

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 appendix to this circular.

Yours faithfully,
By Order of the Board
Shanghai Ming Yuan Holdings Limited
Chien Hoe Yong
Executive Director

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.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors and chief executive officers in the Share and securities of the Company which were required to be notified to the Company and the Stock Exchange pursuant to section 342 of the Securities and Futures Ordinance (including the interests which they were deemed or taken to have under Sections 344 and 345 of the Securities and Futures Ordinance) or which were required, pursuant to section 352 of the Securities and Futures 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/securities of the Company

Name of Director	Personal Interests	Number of Shares held		Other Interests	Percentage of total issued Shares	Number of share options held (Note 2)
		Family interests	Corporate interests			
Mr. Yao Yuan	-	-	1,563,122,215 (Note 1)	-	72.3	-
Mr. Chien Hoe Yong	-	-	-	-	-	-
Mr. Hu Jun	-	-	-	-	-	-

Notes:

1. These Shares are held by Ming Yuan Investments Group Limited, a company which Mr. Yao Yuan owns 50% 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 342 of the Securities and Futures Ordinance (including the interests which they were deemed or taken to have under Section 344 and 345 of the Securities and Futures Ordinance) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, the Directors and the chief executive of the Company were not aware of any person, who was, directly or indirectly, interested in 10% 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)	1,563,122,215	72.3%
Mr. Yao Yuan (Note 2)	1,563,122,215	72.3%
Mr. Iu Chung (Note 3)	1,563,122,215	72.3%

Notes:

1. Ming Yuan Investments Group Limited, a company which Mr. Yao Yuan and Mr. Iu Chung own 50% of its entire issued share capital respectively.
2. These Shares are attributable to Mr. Yao Yuan in respect of his 50% interests in Ming Yuan Investments Group Limited.
3. These Shares are attributable to Mr. Iu Chung in respect of his 50% interests 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 HM 12, 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 Accountants, is the chief financial officer and secretary of the Company.