THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult a 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 Minglun Group (Hong Kong) Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

Minglun
明倫集團
MINGLUN GROUP

MINGLUN GROUP (HONG KONG) LIMITED
明倫集團(香港)有限公司*

(incorporated in Bermuda with limited liability)

PROPOSED SUBDIVISION OF SHARES
CHANGE IN BOARD LOT SIZE

Financial Adviser

WALLBANCK BROTHERS
Securities (Hong Kong) Limited

A notice convening a special general meeting of Minglun Group (Hong Kong) Limited to be held at Room 2717, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Hong Kong at 4:00 p.m. on Monday 16th June, 2003 is set out on pages 6 to 7 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal office of Minglun Group (Hong Kong) Limited at Room 2717, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

* *For identification purpose only*

23rd May, 2003

CONTENTS

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

"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	Minglun Group (Hong Kong) Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Directors"	the directors of the Company
"Emperor Capital"	Emperor Capital Limited, a deemed licensed corporation under the SFO and engaged in types 1, 4 and 6 regulated activities
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Latest Practicable Date"	19th May, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Registrars"	Tengis Limited, the branch share registrar of the Company in Hong Kong, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company convened for the purpose of considering and approving the Share Subdivision to be held on Monday, 16th June, 2003 at 4:00 p.m.
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Option Scheme"	the existing share option scheme of the Company adopted by the Company on 1st November, 2002

"Share Subdivision"	the proposed subdivision of each issued and unissued Share into 5 shares of HK$0.02 each
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subdivided Share(s)"	the issued and unissued ordinary share(s) of HK$0.02 each in the share capital of the Company upon the Share Subdivision becoming effective
"Wellbanck Brothers"	Wellbanck Brother Securities (Hong Kong) Limited, a deemed licensed corporation under the SFO and engaged in types 4, 6 and 9 regulated activities
"HK$"	Hong Kong dollars

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 enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

EXPECTED TIMETABLE

	2003
Despatch of circular with notice of the SGM	Friday, 23rd May
Latest time and date for lodging proxy forms for the SGM	4:00 p.m. Saturday, 14th June
Expected time and date of the SGM	4:00 p.m. Monday, 16th June
Effective time and date of the Share Subdivision	9:30 a.m. Tuesday, 17th June
Dealings in Subdivided Shares commences	9:30 a.m. Tuesday, 17th June
Temporary counter for trading in Subdivided Shares in board lots of 10,000 Subdivided Shares (in the form of existing certificate) opens	9:30 a.m. Tuesday, 17th June
Original counter for trading in existing Shares in board lots of 2000 temporary closes	9:30 a.m. Tuesday, 17th June
Free exchange of existing share certificates for new share certificates commences	9:30 a.m. Tuesday, 17th June
Designated broker starts to stand in the market to provide matching services	9:30 a.m. Tuesday, 17th June
Original counter for trading in Subdivided Shares in board lots of 10,000 (in the form of new certificate) reopens	9:30 a.m. Wednesday, 2nd July
Parallel trading in Subdivided Shares (in the form of new and existing certificate) begins	Wednesday, 2nd July
Temporary counter for trading in Subdivided Shares in board lots of 10,000 Subdivided Shares (in the form of existing certificate) closes	Wednesday, 23rd July
Parallel trading in Subdivided Shares (in the form of new and existing certificate) ends	Wednesday, 23rd July
Designated broker ceases to stand in the market to provide matching service	Wednesday, 23rd July
Free exchange of existing share certificates for new share certificates ends	Monday, 28th July

MINGLUN GROUP

MINGLUN GROUP (HONG KONG) LIMITED
明 倫 集 團 (香 港) 有 限 公 司 *

(incorporated in Bermuda with limited liability)

Directors:
Mr. Zhou Yiming
Mr. Cheung Wai Yin, Wilson
Mr. Lu Zhiming

Independent Non-executive Director:
Mr. Wong Hing Tat
Mr. Kwong Chi Ho

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office:
Room 2717
27th Floor
North Tower
Concordia Plaza
1 Science Museum Road
Tsimshatsui
Hong Kong

23rd May, 2003

To the Shareholders

Dear Sir/Madam,

PROPOSED SUBDIVISION OF SHARES
CHANGE IN BOARD LOT SIZE

INTRODUCTION

The Directors announced on 12th May, 2003 that the following proposals would be put forward to the Shareholders for their approval at the SGM: the Share Subdivision.

The purpose of this circular is to provide you with information of the Share Subdivision and the change of board lot size and to give notice to the Shareholders to convene the SGM for the purpose of considering and, if thought fit, the Share Subdivision.

SHARE SUBDIVISION AND CHANGE IN BOARD LOT SIZE

The Directors propose to effect the Share Subdivision under which the par value of each issued Share and unissued Share will be adjusted from HK$0.10 to HK$0.02 by subdividing each Share into five Subdivided Shares. As a result, based upon 200,000,000 issued Shares as at the Latest Practicable Date and upon the Share Subdivision becoming effective, there will be 1,000,000,000 Subdivided Shares in issue and the 1,800,000,000 unissued Shares will be subdivided into 9,000,000,000 Subdivided Shares. Up to the Latest Practicable Date 18,400,000 share options have been granted under the Share Option Scheme.

* *For identification purpose only*

The Subdivided Shares will rank pari passu in all respects with each other and the Share Subdivision will not result in any change in the relative rights of the Shareholders.

Conditions for the Share Subdivision

The Share Subdivision is conditional upon (i) the passing of an ordinary resolution by the Shareholders at the SGM to approve the Share Subdivision; and (ii) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

The Share Subdivision will become effective on the next business day upon which the above conditions are fulfilled and is expected to be effective at 9:30 a.m. on Tuesday, 17th June, 2003.

Further announcement(s) will be made to inform the Shareholders of the effective date of the Share Subdivision and the listing and trading arrangement for the Subdivided Shares.

Effects of the Share Subdivision

As at the Latest Practicable Date, the authorised share capital of the Company is HK$200,000,000 divided into 2,000,000,000 Shares of which 200,000,000 Shares have been issued and are fully paid or credited as fully paid.

Assuming that no further Shares will be issued after the Latest Practicable Date and before the effective date of the Share Subdivision, the effect of the Share Subdivision is set out as follows:

	Prior to the Share Subdivision	**After the Share Subdivision**
Par value of each Share	HK$0.10	HK$0.02
Number of authorised Shares	2,000,000,000	10,000,000,000
Authorised share capital	HK$200,000,000	HK$200,000,000
Number of Shares in issue and fully paid	200,000,000	1,000,000,000
Issued share capital	HK$20,000,000	HK$20,000,000
Number of unissued Shares	1,800,000,000	9,000,000,000
Unissued share capital	HK$180,000,000	HK$180,000,000

Other than the expenses incurred in relation to the Share Subdivision, implementation of the Share Subdivision will not alter the underlying assets, business operations, management or financial position of the Company or the interests of the Shareholders. The Directors consider that the Share Subdivision will not have any adverse effect on the financial position of the Group.

Change in board lot size

Currently, the Shares are traded in board lots of 2,000 Shares and upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 10,000. The increase in the size of the board lot after the Share Subdivision has become effective will not result in any change in the relative rights of the Shareholders.

Reasons for the Share Subdivision and change in board lot size

The Directors believe that the reduced amount for investing in a board lot as a result of the Share Subdivision and the change in board lot size will improve the liquidity in the trading of the shares of the Company after the Share Subdivision has become effective. In view of the prevailing sluggish market condition, a more liquid market provides more flexibility for the Shareholders to buy and sell the shares of the Company. The Directors also believe that the Share Subdivision will enable the Company to attract investors and broaden its shareholder base. Hence, the Directors consider that the Share Subdivision is in the interests of the Company and the Shareholders taken as a whole.

The Directors confirm that there are no immediate plans for any fund raising exercise by the Company after the Share Subdivision has become effective.

Listing and trading arrangement for the Subdivided Shares

Subject to the grant of the approval for the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for dealing, clearance and settlement in CCASS with effect from the commencement date for dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions 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.

Upon the Share Subdivision becoming unconditional, the dealing arrangements in the Subdivided Shares are expected to be as follows:

(a) From 9:30 a.m. on Tuesday, 17th June, 2003, the original counter for trading in the Shares in board lots of 2,000 Shares will be closed temporarily and a temporary counter for trading in the Subdivided Shares in board lots of 10,000 Subdivided Shares (in the form of existing share certificates which are **BLUE** in colour) will be set up. Share certificates for the Subdivided Shares in the form of existing share certificates may only be traded at the temporary counter.

(b) With effect from 9:30 a.m. on Wednesday, 2nd July, 2003, the original counter will be reopened for trading in the Subdivided Shares in board lots of 10,000 Subdivided Shares (in the form of new share certificates which are **PINK** in colour). Only new share certificates for the Subdivided Shares may be traded at the original counter.

(c) During the period from Wednesday, 2nd July, 2003 to Wednesday 23rd July, 2003 (both days inclusive), parallel trading will be permitted at the temporary counter and the original counter mentioned in paragraphs (a) and (b) above.

(d) The temporary counter for trading in the Subdivided Shares in board lots of 10,000 Subdivided Shares (in the form of existing share certificates) will be closed after 4:00 p.m. Wednesday 23rd July, 2003. With effect from 9:30 a.m. on Thursday, 24th July, 2003, trading will only be in board lots of 10,000 Subdivided Shares in the form of new share certificates in the original counter.

Fractional entitlements and odd lot arrangements

Any fractional entitlements to the Subdivided Shares will be aggregated, sold and retained for the benefit of the Company. In order to alleviate the difficulties arising from the existence of odd lots of Subdivided Shares as a result of the change in board lots of the Subdivided Shares, the Company has agreed to procure Emperor Securities Limited to stand in the market to provide matching services for the odd lots of Subdivided Shares on best effort basis during the period from 17th June, 2003 to 23rd July, 2003 (both dates inclusive). Shareholders who wish to take advantage of this matching facility either to dispose of their odd lots of Subdivided Shares or to top up to board lots of 10,000 Subdivided Shares, may contact Mr. Wilson Lee of Emperor Securites Limited at 24th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong, and at telephone number (852) 2836 2601.

Arrangement for exchange of share certificates

Shareholders should note that all the existing share certificates shall cease to be marketable and will not be acceptable for dealing purposes after 4:00 p.m. on 23rd July, 2003 when parallel trading in Subdivided Shares (in the form of new certificates for Subdivided Shares and existing share certificates) ends.

However, such share certificates will continue to be good evidence of legal title and may be lodged with the Registrars in exchange for the new share certificates for the Subdivided Shares at any time subject to the payment of the fee as stated below if such share certificates are lodged with the Registrars after Monday, 28th July, 2003.

New share certificates will be PINK in colour in order to distinguish them from the existing share certificates which are **BLUE** in colour. Shareholders are urged to exchange their share certificates as soon as possible from Tuesday, 17th June, 2003 so that their shareholding may be accurately represented in terms of the Subdivided Shares. This may be done free of charge up to and including Monday, 28th July, 2003 by delivering the existing share certificates to the office of the Registrars at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. Thereafter, existing share certificates will be accepted for exchange only on payment of a fee of HK$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new share certificate to be issued or each existing certificate submitted for exchange, whichever number is higher. Dealings in the Subdivided Share are subject to stamp duty.

Adjustment to the Subscription Price and Number of Securities of the Share Option Scheme

The Company have granted 18,400,000 share options at the subscription price of HK$0.9 under the Share Option Scheme as at the Latest Practicable Date. Emperor Capital, an independent financial adviser appointed by the Directors, has certified that the adjustment to the subscription price from HK$0.9 to HK$0.18 and number of securities subject to the outstanding share options of the Share Option Scheme from 18,400,000 to 92,000,000, resulting from the Share Subdivision, is fair and reasonable.

APPLICATION FOR LISTING

The Company has applied to the listing committee of the Stock Exchange for the listing of and permission to deal in, the Subdivided Shares, including those may fall to be allotted and issued upon the exercise of the share options which may be granted under the Share Option Scheme.

GENERAL

The Company confirms that it is fully aware of the requirement under paragraph 30 of the Listing Agreement regarding the requirement of the trading limit and will take appropriate action when necessary to comply with it.

RECOMMENDATION

For the reasons stated in the respective paragraphs in this circular, the Directors consider that the Share Subdivision is in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Share Subdivision.

SGM

A notice convening the SGM is set out on pages 6 to 7 of this circular. An ordinary resolution will be proposed at the SGM for the purpose of considering and approving the Share Subdivision of the Company.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal office of the Company at Room 2717, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

By order of the Board
Minglun Group (Hong Kong) Limited
Zhou Yiming
Chairman

明倫集團
MINGLUN GROUP

MINGLUN GROUP (HONG KONG) LIMITED
明 倫 集 團（香 港）有 限 公 司*

(incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of Minglun Group (Hong Kong) Limited (the "Company") will be held at Room 2717, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Hong Kong on Monday, 16th June, 2003 at 4:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolutions:

1. AS ORDINARY RESOLUTION

"**THAT**, conditional on the listing committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the Subdivided Shares (as defined hereinafter), every issued and unissued existing share of HK$0.10 each in the share capital of the Company be subdivided into 5 shares of HK$0.02 each ("Subdivided Shares") in the share capital of the Company ("Subdivision") and the directors of the Company be and are hereby authorised generally to do all things appropriate to effect the Subdivision, including, but not limited to, disposal of any fractional entitlement in any manner as the directors of the Company may determine for the benefit of the Company.

By Order of the Board
Zhou Yiming
Chairman

Hong Kong, 23rd May, 2003

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office:
Room 2717
27th Floor
North Tower
Concordia Plaza
1 Science Museum Road
Tsimshatsui
Hong Kong

* *For identification purpose only*

Notes:

(1) A member of the Company entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company but must be present in person to represent the member of the Company.

(2) A form of proxy for use at the above meeting is enclosed. In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority, must be deposited at the principal office of the Company at Room 2717, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(3) Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.

(4) Where there are joint holders of any Shares of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto; but if more than one such joint holders be present at the special general meeting personally or by proxy, then the one of such holders so present whose name stands first on the register of members in respect of such shares shall alone be entitled to vote in respect thereof.