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If you have sold all your shares in TIANJIN DEVELOPMENT HOLDINGS LIMITED, you should at once hand this document and the accompanying form of proxy to the purchaser or the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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天津發展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

*(Incorporated in Hong Kong SAR with limited liability under the Hong Kong Companies Ordinance)*

**(Stock Code: 882)**

*Executive Directors:*

Wang Guanghao (Chairman)  
Zhou Sichun (Vice Chairman)  
Yu Rumin (Vice Chairman)  
Zhang Hongru  
Nie Jiansheng  
Wang Jiandong  
He Xiuheng  
Yang Liheng  
Sun Zengyin  
Pang Jinhua

*Registered Office:*

26-38/F  
Tianjin Building  
167 Connaught Road West  
Hong Kong

*Non-executive Directors:*

Ye Disheng  
Kwong Che Keung, Gordon\*  
Cheung Wing Yui\*  
Lau Wai Kit\*  
Cheng Hon Kwan\*

(\* Independent Non-executive Directors)

29th April, 2004

To the shareholders,

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES  
TO REPURCHASE AND ISSUE SHARES  
AND  
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

**INTRODUCTION**

At the annual general meeting of Tianjin Development Holdings Limited (the "Company") held on 27th May, 2003, the Company granted a general mandate to the directors of the Company (the "Directors") to exercise the powers of the Company to repurchase shares of the Company. A separate mandate was also

granted to the Directors enabling them to issue new shares. Such mandates will lapse at the conclusion of the forthcoming annual general meeting of the Company which is to be held at 38/F., Function Room, Tianjin Building, 167 Connaught Road West, Hong Kong on 28th May, 2004 at 3:00 p.m. (“AGM”). It is proposed to renew these general mandates at the Annual General Meeting.

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has announced on 30th January, 2004 that substantial amendments would be made to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) which would be effective on 31st March, 2004. Those amendments, include, amongst others, the amendments to Appendix 3 of the Listing Rules governing the constitutional documents of listed issuer.

The purpose of this document is to provide you with information regarding the above proposed general mandates to repurchase shares and issue shares as well as proposed amendments to the Company’s Articles of Association and to seek the approval of members for the resolutions relating to the aforesaid matters at the AGM.

## **GENERAL MANDATE TO REPURCHASE SHARES**

An ordinary resolution will be proposed at the AGM to give a general and unconditional mandate to the Directors to exercise the powers of the Company to repurchase its own shares at any time until the first to occur of the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or the Articles of Association of the Company or other applicable laws of Hong Kong to be held or until the mandate is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company (the “Repurchase Mandate”). The shares of the Company which may be repurchased pursuant to the Repurchase Mandate are limited to a maximum of 10% of the total issued share capital of the Company on the date of passing the resolution approving the Repurchase Mandate.

An explanatory statement, as required by the relevant rules regulating the repurchase by companies having primary listings on the Stock Exchange of their own shares as contained in the Listing Rules, to provide requisite information is set out in the appendix hereto.

## **GENERAL MANDATE TO ISSUE SHARES**

At the AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to allot, issue and deal with shares up to a maximum of 137,549,777 shares, representing approximately 20% of the total issued and fully paid share capital of the Company on the date the resolution is passed. In addition, an ordinary resolution will also be proposed to authorise an extension of such general mandate to be granted to the Directors to issue new shares by adding to it the number of shares repurchased under the Repurchase Mandate.

## **AMENDMENT OF THE ARTICLES OF ASSOCIATION**

The amendments to the Listing Rules came into effect on 31st March, 2004. Those amendments include, amongst others, the amendments to Appendix 3 of the Listing Rules governing the constitutional documents of a listed issuer.

As a result of the amendments to the Listing Rules, amongst others, (1) where the Company has actual knowledge, any shareholder who is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted; (2) a minimum of 7 day’s period of lodgment by shareholder of the notice is required to nominate a Director other than the retiring Director and the period for lodgment of such notice shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election; and (3) a Director shall

abstain from voting at the board meeting or any matter in which not only he but also any of his associates has material interest and the Director shall not be counted towards the quorum of the relevant board meeting.

Companies (Amendment) Ordinance 2003 was passed on 2nd July, 2003 and came into operation on 13th February, 2004. Section 157B(1) of the Companies Ordinance as amended now provides that a director may be removed by an ordinary resolution and Section 165 of the Companies Ordinance as amended clarifies the scope of indemnities which a company may provide for its officers and auditors.

To align the Articles of Association of the Company with the amendments to the Listing Rules and the said changes of the Companies Ordinance, the Board proposes the Articles of Association of the Company be amended in the manner as set out in the special resolution (“Special Resolution”) in the notice of AGM.

## **ACTION TO BE TAKEN**

A form of proxy for use at the AGM is enclosed herein. Whether or not you intend to attend this meeting, you are requested to complete the form of proxy and return it to the Company’s Share Registrar, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, i.e. by 3:00 p.m. on 26th May, 2004. Completion and return of form of proxy will not preclude you from attending and voting in person at the AGM if you so wish.

## **PROCEDURE FOR DEMANDING A POLL**

Pursuant to the existing Article 73, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (a) by the chairman of such meeting; or
- (b) by a least three members of the Company present in person or in the case of a member of the Company being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members of the Company present in person or in the case of a member of the Company being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members of the Company having the right to vote at the meeting; or
- (d) by any member or members of the Company present in person or in the case of a member of the Company being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

## **ANNUAL GENERAL MEETING**

Set out on pages 102 to 108 of the 2003 annual report is the notice of AGM at which ordinary resolutions will be proposed to approve the Repurchase Mandate and the general mandate to issue new shares and the Special Resolution will be proposed to approve the amendments of the existing Articles of Association of the Company.

## RECOMMENDATION

The Directors believe that the Repurchase Mandate, the general mandate to issue new shares and the amendments of the Company's Articles of Association are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of the relevant ordinary resolutions and the Special Resolution at the AGM.

Yours faithfully,  
By Order of the Board  
**Wang Guanghao**  
*Chairman*

The appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

The appendix also constitutes the memorandum required under section 49BA(3) of the Companies Ordinance.

## 1. SHARE CAPITAL

As at 26th April, 2004, being the latest practicable date prior to the printing of this document (“Latest Practicable Date”), the issued share capital of the Company comprised 687,748,884 shares of HK\$0.10 each.

Subject to the passing of the ordinary resolution to approve the Repurchase Mandate and on the basis that no further shares are issued prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 68,774,888 fully paid shares of HK\$0.10 each.

## 2. FUNDING OF REPURCHASES

In repurchasing shares, the Company may only apply funds legally available for the purpose and in accordance with the Memorandum and Articles of Association of the Company and the relevant laws of Hong Kong. Such funds may include funds otherwise available for dividend or distribution and the proceeds of a fresh issue made for the purpose of the repurchases. Any premium payable on a repurchase must be provided for out of the funds of the Company otherwise available for dividend or distribution or out of the Company’s share premium account. The Directors propose that repurchases of shares under the Repurchase Mandate would be financed by the Company’s internal resources or existing banking facilities.

In the event that the proposed repurchases were to be carried out in full at any time during the proposed repurchase period, there could be an adverse impact on the working capital or gearing position of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company as compared with the position disclosed in the latest published audited financial statements for the year ended 31st December, 2003. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent.

## 3. SHARE PRICES

The highest and lowest prices at which the shares of the Company have traded on the Stock Exchange in the previous twelve months before the Latest Practicable Date were as follows:

Month	Share prices	
	Highest HK\$	Lowest HK\$
April 2003	1.940	1.700
May 2003	2.050	1.750
June 2003	2.350	1.990
July 2003	2.350	2.100
August 2003	2.550	2.250
September 2003	3.050	2.450
October 2003	3.500	3.100
November 2003	3.750	3.325
December 2003	3.950	3.600
January 2004	4.075	3.650
February 2004	3.800	3.500
March 2004	3.750	3.275
26th April 2004	3.125	2.950

#### **4. GENERAL**

The Directors have undertaken to the Stock Exchange that, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

If, on the exercise of the powers to repurchase shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Code. As at the Latest Practicable Date, Tianjin Investment Holdings Limited and Tsinlien Property Services Limited, wholly-owned subsidiaries of Tsinlien Group Company Limited, hold 358,460,000 and 2,022,000 shares respectively representing a total of 52.41% of the issued share capital of the Company.

In the event that the Directors exercised in full the powers pursuant to the Repurchase Mandate, the aggregate shareholding of Tianjin Investment Holdings Limited and Tsinlien Property Services Limited would be increased to 58.24% of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code.

In the event that the Repurchase Mandate is exercised in full, the number of shares held by the public would not fall below 25%.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any shares to the Company under the Repurchase Mandate if such Repurchase Mandate is approved by the shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

#### **5. SHARE REPURCHASES MADE BY THE COMPANY**

No repurchases of shares have been made by the Company whether on the Stock Exchange or otherwise in the previous six months preceding the Latest Practicable Date.

#### **6. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have the power to repurchase shares pursuant to the Repurchase Mandate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.