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If you are in 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 **TIANJIN DEVELOPMENT HOLDINGS LIMITED**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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天津发展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

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

(Stock Code: 882)

**PROPOSALS FOR GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE NEW SHARES,
ADOPTION OF NEW SCHEME,
TERMINATION OF EXISTING SCHEME,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Tianjin Development Holdings Limited to be held at Victoria & Chater Rooms, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on Friday, 25th May 2007 at 4:30 p.m. is set out on pages 33 to 41 of this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Share Registrar, Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting should you so wish.

27th April 2007

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Victoria & Chater Rooms, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on Friday, 25th May 2007 at 4:30 p.m., notice of which is set out on pages 33 to 41 of this circular
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“associated companies”	has the same meaning ascribed to it under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of directors of the Company
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“chief executive”	has the same meaning ascribed to it under the Listing Rules
“Company”	Tianjin Development Holdings Limited (天津發展控股有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance and the shares of which are listed on the main board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32) of the Laws of Hong Kong
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“day”	calendar day
“Director(s)”	the director(s) of the Company for the time being

DEFINITIONS

“Existing Scheme”	the existing share option scheme adopted by the Company on 22nd November 1997 for the employees and the executive directors of the Company or any Subsidiary
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the New Scheme or (where the context so permits) a person who is entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its Subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	23rd April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Scheme”	the proposed new share option scheme to be adopted by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in Appendix II to this circular
“Offer”	the offer of the grant of an Option made by the Board in accordance with the New Scheme
“Offer Date”	the date on which an Option is offered to a Participant in accordance with the New Scheme, such date must be a Business Day
“Option(s)”	a right to subscribe for Shares granted and accepted pursuant to the terms of the New Scheme
“Option Period”	a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years from the date of grant of the Option. The Board may also provide restrictions on the exercise of such Option during the period an Option may be exercised

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“relevant company”	means the Company, the relevant subsidiary, associated company, jointly controlled entity or related company of the Company, as the case may be
“Participant”	means (i) any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of each member of the Group; (ii) any discretionary objects of a discretionary trust established by any substantial shareholders of the Company or any employees, executive or non-executive directors of each member of the Group; (iii) any consultants, professionals and other advisers to each member of the Group; (iv) any chief executives or substantial shareholders of each member of the Group; (v) any associates of director, chief executive or substantial shareholder of each member of the Group; (vi) any employees (whether full-time or part-time) of substantial shareholder of each member of the Group; (vii) any suppliers of goods or services to any member of the Group; and (viii) any customers of any member of the Group, provided that the Board shall have absolute discretion to determine whether one falls within the aforesaid categories
“Repurchase Mandate”	a general mandate proposed to be granted 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 10% of the issued share capital of the Company as at the date of passing of the Repurchase Resolution
“Repurchase Resolution”	the Ordinary Resolution no. 5A set out in the notice of Annual General Meeting
“SFO”	the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
“Share(s)”	ordinary share(s) with nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the terms of the New Scheme

DEFINITIONS

“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



天津發展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

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

(Stock Code: 882)

Executive Directors:

Mr. Wang Guanghao (Chairman)
Dr. Ren Xuefeng (Vice Chairman & General Manager)
Mr. Yu Rumin (Vice Chairman)
Mr. Nie Jiansheng
Mr. Dai Yan
Mr. Hu Chengli
Dr. Wang Jiandong
Mr. Bai Zhisheng
Mr. Zhang Wenli
Mr. Sun Zengyin
Dr. Zong Guoying
Mr. Zheng Daoquan

Registered Office:

Suites 7-13, 36/F.,
China Merchants Tower,
Shun Tak Centre,
168-200 Connaught Road,
Central,
Hong Kong

Non-executive Directors:

Mr. Cheung Wing Yui
Mr. Kwong Che Keung, Gordon*
Mr. Lau Wai Kit*
Dr. Cheng Hon Kwan*

(* Independent Non-executive Directors)

27th April 2007

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE NEW SHARES,
ADOPTION OF NEW SCHEME,
TERMINATION OF EXISTING SCHEME,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding (i) the ordinary resolutions granting the Directors general mandates to issue new Shares and to repurchase Shares to be proposed at the Annual General Meeting; (ii) the proposed

LETTER FROM THE BOARD

termination of the Existing Scheme and adoption of the New Scheme; (iii) the proposed amendments to the Articles of Association; and (iv) the details of the retiring Directors to be re-elected at the Annual General Meeting.

2. GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 26th May 2006, ordinary resolutions were passed giving general mandates to the Directors to exercise the power of the Company to repurchase its own Shares in accordance with the Listing Rules and to allot, issue and deal with Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the issued share capital of the Company, at the date of passing of such resolutions. These mandates will lapse at the conclusion of the forthcoming Annual General Meeting.

At the Annual General Meeting, separate ordinary resolutions will be proposed to seek the approval of the Shareholders to grant to the Directors general mandates to:

- (i) allot and issue and deal with further Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the resolution;
- (ii) repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the resolution;
- (iii) subject to the passing of the aforesaid ordinary resolutions of the general mandate and the Repurchase Mandate, allot and issue new Shares in an amount not exceeding the aggregate nominal amount of the Shares purchased pursuant to the Repurchase Mandate.

A statement explaining the proposed general mandate to repurchase Shares is set out in the explanatory statement in **Appendix I** to this circular in accordance with the Listing Rules.

3. ADOPTION OF THE NEW SCHEME AND TERMINATION OF THE EXISTING SCHEME

The Existing Scheme was adopted by the Company on 22nd November 1997, pursuant to which the Board may at any time within 10 years after 22nd November 1997 make a grant of an option to employees or executive directors of the Group as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine at the subscription price pursuant to the Existing Scheme. The Board considers that it is appropriate to adopt a New Scheme to replace the Existing Scheme which will expire on 21st November 2007.

At the Annual General Meeting, an ordinary resolution will be proposed for the Company to approve the termination of the Existing Scheme and adoption of the New Scheme. A summary of the principal terms of the New Scheme is set out in the **Appendix II**

LETTER FROM THE BOARD

to this circular. Subject to the approval of the Shareholders at the Annual General Meeting for the adoption of the New Scheme, the Existing Scheme will be terminated upon the adoption of the New Scheme after all the conditions precedent as referred to in paragraph 4 below, have been fulfilled. Operation of the New Scheme will commence after all the conditions precedent as referred to in paragraph 4 below have been fulfilled.

The Board had granted options pursuant to the Existing Scheme to employees or executive directors of the Group to subscribe for a total of 51,750,000 Shares representing approximately 5.10% of the issued share capital of the Company as at the Latest Practicable Date, among which, 2,000,000 options have been exercised, 30,346,000 options have been lapsed, 15,004,000 options have been cancelled and 4,400,000 Shares of which represent options which remained outstanding. The outstanding options of 4,400,000 Shares shall remain exercisable in accordance with the provisions of the Existing Scheme. Save as aforesaid and up to the Latest Practicable Date, no other options have been granted to any employee or executive director of the Group under the Existing Scheme. The Board confirms that prior to the Annual General Meeting, it will not grant any further option under the Existing Scheme. There was no other subsisting share option scheme of the Company besides the Existing Scheme as at the Latest Practicable Date.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,014,745,767 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of the adoption of the New Scheme, the number of Shares which may be allotted and issued pursuant to the New Scheme on the date of its adoption will be 101,474,576 Shares, representing 10% of the total issued share capital of the Company as at the Latest Practicable Date.

4. CONDITIONS PRECEDENT OF THE NEW SCHEME

The New Scheme is conditional upon:

- (i) the approval of the Shareholders for the adoption of the New Scheme;
- (ii) the approval of the Shareholders for the termination of the Existing Scheme;
- (iii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options granted under the New Scheme, representing 10% of the total number of Shares in issue as at the date of approval of the New Scheme; and
- (iv) such other conditions precedent required for the purposes of complying with Rule 17.02 of the Listing Rules.

Subject to the fulfillment of the above conditions precedent, the Directors will have the right to grant Options to subscribe for the Shares, the maximum number of Shares of which, when aggregated with those Shares to be granted under any other share option schemes of the Company, represents 10% of the total number of Shares in issue as at the date of approval of the New Scheme, unless the Company obtains an approval from the Shareholders in general meeting for renewal of the 10% limit provided that the maximum

LETTER FROM THE BOARD

number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company in issue shall not exceed 30% of the issued share capital of the Company from time to time.

Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Shares to be issued and allotted pursuant to the exercise of the Options granted under the New Scheme.

Once the New Scheme is adopted, any alteration to the terms and conditions thereof, which are of a material nature or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Scheme.

With regard to the adoption of the New Scheme, 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.

5. EXPLANATION OF THE TERMS OF THE NEW SCHEME

The terms of the New Scheme are in line with the provisions of Chapter 17 of the Listing Rules, which govern the terms of share option schemes of listed companies. The purpose of the New Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time. Accordingly, the Board proposes to recommend the Shareholders to approve the adoption of the New Scheme at the Annual General Meeting.

6. VALUE OF THE OPTIONS UNDER THE NEW SCHEME

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Scheme as if they had been granted on the Latest Practicable Date prior to the approval of the New Scheme, given that the variables which are crucial for the calculation of the value of such Options cannot be determined. The variables which are critical for the determination of the value of such Options include the exercise price for the Shares upon the exercise of the subscription rights attaching to the Options, whether or not Options will be granted under the New Scheme, the timing of the grant of such Options, the period during which the subscription rights may be exercised, any other conditions that the Board may impose on the Options and whether or not such Options if granted will be exercised by the Grantees. The exercise price depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant Options under the New Scheme. With a scheme life of 10 years, the Board is of the view that it is too premature to state whether or not Options will be granted under the New Scheme, and if so, the number of Options that may be granted. It is also difficult to ascertain with accuracy the exercise price given the volatility the price of the Shares may be

LETTER FROM THE BOARD

subject to during the 10-year life span of the New Scheme. On these premises, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

7. INTEREST OF DIRECTORS

None of the Directors is a trustee of the New Scheme nor does any of them have a direct or indirect interest in such a trustee.

8. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In addition, a special resolution will be proposed at the Annual General Meeting to approve certain amendments to the Articles of Association.

In order to ensure compliance with amendments to the Listing Rules, in particular, relevant provisions in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules and amendments to the Companies Ordinance, to bring the Articles of Association up to date and in line with the current practice in Hong Kong, it is also proposed at the Annual General Meeting to amend the Articles of Association by special resolution as set out in the notice convening the Annual General Meeting. In general, the proposed amendments include the followings:

- | | |
|------------------------|--|
| (a) Article 2 | To amend the definitions of “newspaper” and “Secretary” in line with the Companies Ordinance and the Listing Rules respectively. |
| (b) Articles 15 and 42 | To stipulate the time limit for issuance of share certificates in accordance with the Companies Ordinance or the Listing Rules and to revise those provisions on the amount payable for new share certificates to the effect that such sum shall not exceed the maximum amount the Stock Exchange may from time to time determine. |
| (c) Article 27 | To clarify that notice of call may be given to the members by any means and in such manner as may be accepted by the Stock Exchange. |
| (d) Article 40 | To clarify that fully paid shares are free from restriction on the right of transfer. |
| (e) Article 70 | To clarify that in the case of a member being a corporation, its duly authorised representative can be counted in the quorum. |
| (f) Article 71 | To stipulate that the Directors present at the meeting are entitled to elect one of their number present to be chairman of general meeting. |

LETTER FROM THE BOARD

- | | |
|-----------------|--|
| (g) Article 73A | To stipulate that the chairman of the meeting and/or any Director holding proxies shall demand a poll in specific circumstances. |
| (h) Article 76 | To reflect the requirement of voting by poll under the Listing Rules. |
| (i) Article 92 | To stipulate that any Director appointed by the Board to fill a casual vacancy shall hold office only until the next following general meeting of the Company. |
| (j) Article 93 | To clarify the liability of an alternate Director and his relationship with his appointing Director in the light of the Companies (Amendment) Ordinance 2003. |
| (k) Article 99 | To stipulate that a Director shall vacate his office if he shall be removed from office by an ordinary resolution of the Company. |
| (l) Article 101 | To stipulate that if the number of Directors is not a multiple of three then the number nearest to but not less than one-third shall retire from office. |
| (m) Article 134 | To reflect the requirement of the Listing Rules that the secretary must be an individual. |
| (n) Article 170 | To clarify the manner for service of notice to persons entitled on death, mental disorder or bankruptcy of a member. |

9. RE-ELECTION OF RETIRING DIRECTORS

Details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting pursuant to Articles 92 and 101 of the Articles of Association are provided in **Appendix III** to this circular.

10. ANNUAL GENERAL MEETING

Set out on pages 33 to 41 of this circular is the notice of Annual General Meeting at which ordinary resolutions will be proposed to approve the Repurchase Mandate, general mandate to issue new Shares, termination of the Existing Scheme and adoption of the New Scheme and re-election of retiring Directors and a special resolution will be proposed to approve the amendments to the Articles of Association.

A form of proxy for use at the Annual General Meeting is enclosed herewith. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Share Registrar, Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting should you so wish.

LETTER FROM THE BOARD

In accordance with the requirements of the Listing Rules, the Company will publish on the Stock Exchange's website and in the newspapers an announcement on the outcome of the Annual General Meeting for the adoption of the New Scheme on the business day following the date of the Annual General Meeting.

11. PROCEDURE FOR DEMANDING A POLL

Pursuant to the existing Article 73 of the Articles of Association, 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 taken as may from time to time be required under the Listing Rules or unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (a) by the Chairman; or
- (b) by at least three members present in person or in the case of a member 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 present in person or in the case of a member 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 having the right to vote at the meeting; or
- (d) by any member or members present in person or in the case of a member 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.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the New Scheme is available for inspection at the registered office of the Company at Suites 7-13, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during the normal business hours from the date hereof up to and including 25th May 2007 and at the Annual General Meeting.

13. RECOMMENDATION

The Directors believe that the Repurchase Mandate, the general mandate to issue new Shares, amendments to the Articles of Association and re-election of retiring Directors 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 resolutions at the Annual General Meeting.

Yours faithfully,
By Order of the Board
Wang Guanghao
Chairman

This 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.

This explanatory statement also constitutes the memorandum as required under Section 49BA(3) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,014,745,767 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued prior to the Annual General Meeting, to be held on 25th May 2007, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 101,474,576 Shares, representing a maximum of 10% of the total issued and fully paid up share capital of the Company as at the date of passing the Repurchase Resolution.

2. 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 net assets and/or 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.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum and articles of association of the Company and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase to such extent allowable under the Companies Ordinance.

In the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period, the working capital or gearing position of the company might be materially different as compared with the position disclosed in the audited consolidated financial statements as at 31st December 2006 contained in the Annual Report. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material 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.

4. SHARE PRICES

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

	Share prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
April	6.30	5.35
May	6.60	4.55
June	5.35	4.05
July	5.10	4.22
August	4.97	4.35
September	5.37	4.54
October	5.27	4.67
November	5.62	4.97
December	5.80	4.96
2007		
January	6.38	5.29
February	6.76	5.70
March	6.24	5.10
April (up to the Latest Practicable Date)	6.35	5.61

5. UNDERTAKING

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

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 its shareholders.

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

6. TAKEOVERS CODE

If on the exercise of the power 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 Rule 32 of the Takeovers 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 Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Tianjin Investment Holdings Limited (“Tianjin Investment”) and Tsinlien Venture Capital Company Limited (“Tsinlien Venture”), both being wholly-owned subsidiaries of Tsinlien Group Company Limited (“Tsinlien”), held 539,833,143 and 2,022,000 Shares respectively, altogether representing approximately 53.40% of the issued share capital of the Company. By virtue of the SFO, Tsinlien is taken to have interest in the Shares held by Tianjin Investment and Tsinlien Venture.

In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, the shareholding of Tsinlien would be increased to 59.33% of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such an extent as to result in takeover obligations. In the event that the Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25%.

7. SHARE PURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

SUMMARY OF THE NEW SCHEME

The following is a summary of the principal terms of the rules of the New Scheme to be adopted at the Annual General Meeting. It does not form part of, nor is it intended to be part of the rules of the New Scheme and it should not be taken as affecting the interpretation of the rules of the New Scheme. The Directors reserve the right at any time prior to the Annual General Meeting to make such amendments to the New Scheme as they consider necessary or appropriate that such amendments do not conflict with any material aspects with the summary in this appendix:

1. PURPOSE

The purpose of the New Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.

2. BASIS OF ELIGIBILITY OF THE PARTICIPANTS

In determining the basis of eligibility of each Participant, the Board would mainly take into account of the experience of the Participant on the Group's business, the length of service of the Participant with the Group or the length of business relationship the Participant has established with the Group and/or such other factors as the Board may at its discretion consider appropriate.

3. CONDITIONS

The New Scheme shall take effect subject to the following conditions: (i) the passing of an ordinary resolution approving the adoption of the New Scheme by the Shareholders at the Annual General Meeting and authorising the Directors to grant Options to subscribe for Shares hereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Scheme; (ii) the passing of an ordinary resolution approving the termination of the Existing Scheme by the Shareholders at the Annual General Meeting; and (iii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the New Scheme.

4. PERIOD OF THE NEW SCHEME

The New Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the New Scheme (the "Adoption Date") (i.e. within 10 years from 25th May 2007 to 24th May 2017), after which period no further Options will be issued but in all other respects the provisions of the New Scheme shall remain in full force and effect.

5. GRANT OF OPTION

On and subject to the terms of the New Scheme, the Board shall be entitled at any time and from time to time within 10 years after the Adoption Date to make an Offer to any Participants as the Board may at its absolute discretion select, and subject to any such conditions as the Board may at its absolute discretion think fit, which may include (without limitations) any such minimum period for which an Option must be held by the Grantee before the Option can be exercised and/or any such performance targets that need to be achieved by the Grantee before an Option can be exercised, to subscribe for such number of Shares as the Board may (subject to Paragraph 9) determine at the Subscription Price.

6. RESTRICTIONS ON THE TIME OF GRANT OF OPTION

No Offer shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published as required by the Listing Rules. In particular, during such period of time as specified by the Listing Rules immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's interim or annual results; and (ii) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement, no Option may be granted.

7. TIME OF ACCEPTANCE

- (i) An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Scheme and shall remain open for acceptance by the Participant concerned for a period of 30 days from the date upon which the Offer is made, provided that no such Offer shall be open for acceptance after the 10th anniversary from the Adoption Date or after the New Scheme has been terminated in accordance with the provisions thereof (whichever is earlier).
- (ii) An Offer shall be deemed to have been accepted by the Grantee and an Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the letter in such form as the Board may from time to time at its absolute discretion determine signify acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the granting thereof is received by the Company within the period as stipulated in the Sub-paragraph above.

8. PERFORMANCE TARGET

Unless otherwise determined by the Board, there is no performance target that needs to be achieved by the Grantee before an Option can be exercised.

9. SUBSCRIPTION PRICE

Subject to any adjustments made pursuant to Paragraph 18, the Subscription Price in respect of each Share issued pursuant to the exercise of Options granted hereunder shall be a price determined by the Board at its absolute discretion and notified to a Participant and shall be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; (b) a price being the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date; and (c) the nominal value of a Share.

10. EXERCISE OF OPTIONS

- (i) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option (where the Grantee is a company, any change of its major shareholder or any substantial change in its management (to be determined by the Board at its absolute discretion) will be deemed to be a sale or transfer of interest aforesaid). Any breach of the foregoing by a Grantee shall entitle the Company to cancel any outstanding Option or part thereof to such Grantee.

- (ii) An Option may be exercised in whole or in part in the manner as set out in the letter of offer as provided in Paragraphs 7(i), 11 and 12 by the Grantee (or, as the case may be, his lawful personal representative(s)) giving notice in writing to the Company in such form as the Board may from time to time determine in its absolute discretion and notify to the Grantee stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given. Within 14 days after receipt of the notice, the appropriate amount of the remittance and where appropriate, receipt of the Auditors' or an independent financial adviser's statement (as the case may be) pursuant to Paragraph 18, the Company shall allot the relevant Shares, credited as fully paid, to the Grantee (or his lawful personal representative(s)) a share certificate in respect of the Shares so allotted.

**11. RIGHTS ON TERMINATION OF EMPLOYMENT, DIRECTORSHIP OR
ENGAGEMENT**

- (i) In the event of the Grantee ceases to be a Participant for any reason other than on the Grantee's death or the termination of the Grantee's employment, directorship, office or appointment on one or more of the grounds specified in Paragraph 14(d), the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent which he is entitled to exercise at the date of cessation but not already exercised) within the period of 3 months (or such longer period as the Board may at its absolute discretion determine) following the date of such cessation, which date shall be the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of employment, directorship, office or appointment the relevant company, as the case may be.
- (ii) In the event the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of his employment, directorship, office or appointment under Paragraph 14(d) arises, the lawful personal representative(s) of the Grantee shall be entitled within a period of 6 months or such longer period as the Board may at its absolute discretion determine from the date of death, to exercise the Option up to the entitlement of such Grantee at the date of death (to the extent he is entitled to exercise at the date of death but not already exercised) or, if appropriate, make an election pursuant to Paragraph 12.

12. RIGHTS ON A GENERAL OFFER, COMPROMISE OR ARRANGEMENT

- (i) If a general offer by way of take-over is made to all the holders of Shares and the terms and conditions of such offer have, within 4 months after the making of the offer on that behalf by the offeror, been approved by the holders of not less than nine-tenths in value of the Shares whose transfer is involved (other than Shares already held at the date of the offer by, or by a nominee for, the offeror or its subsidiary), and the offeror has, pursuant to the Companies Ordinance, at any time within 2 months beginning with the date on which such approval is obtained, given notice to any dissenting shareholder that it desires to acquire the Shares, the Grantee (or his or her personal representative(s)) may by notice in writing to the Company within 30 days of such notice exercise the Option to its full extent or to the extent specified in such notice;
- (ii) If under section 166 of the Companies Ordinance, a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies the Company shall give notice thereof to the Grantee on the same date as it despatches the notice which is sent to each shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his lawful personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2

months thereafter and the date on which such compromise or arrangement is sanctioned by the Court exercise any of his Options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the New Scheme. The Company may require the Grantee (or his lawful personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement; and

- (iii) In the event a notice is given by the Company to its Shareholders to convene Shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to convene the Shareholders' meeting, give notice thereof to all Grantees. Each Grantee (or his lawful personal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than 5 Business Days prior to the proposed general meeting) exercise the Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

13. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue existing on the date of their allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions (including distributions made upon the liquidation of the Company) paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.

14. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of the periods referred to in Paragraphs 11(i), (ii) or 12(i);
- (c) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in Paragraph 12(ii);
- (d) the date on which the Grantee ceases to be an employee or director of the relevant company by reason of the termination of his employment, directorship, office or appointment on the grounds that he has been guilty of misconduct, or that he has breached the terms of his contract of employment or appointment which breach entitles the member of the Group to terminate without giving notice of termination or payment in lieu of such notice, or appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, in the event of which a resolution of the board of directors or governing body of the relevant company or substantial shareholder of the Company (as the case may be) to the effect that the employment, directorship, office or appointment of a Grantee has or has not been terminated on one or more of the grounds specified in this Paragraph 14(d) shall be final, conclusive and binding on all parties;
- (e) the close of business on the second Business Day prior to the day of general meeting of the Company held for the purpose of approving the voluntary winding-up of the Company or the date of the commencement of the winding-up of the Company;
- (f) the date on which the Board shall exercise the Company's right to cancel the Option at any time after a Grantee commits a breach of Paragraph 10(i); or
- (g) the date on which the Option is cancelled by the Board in accordance with Paragraph 21.

15. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (i) Subject to Sub-paragraph (iv) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the New Scheme, unless the Company obtains an approval from its Shareholders pursuant to Sub-paragraph (ii) below. Options lapsed in accordance with the terms of the New Scheme will not be counted for the purpose of calculating such 10% limit.
- (ii) Subject to Sub-paragraph (iv) below, the Company may seek approval of its Shareholders in general meeting for refreshing the 10% limit set out in Sub-paragraph (i) above under the New Scheme such that the total number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the New Scheme (including those outstanding, cancelled, lapsed in accordance with the New Scheme or exercised Options) will not be counted for the purpose of calculating such limit as refreshed.
- (iii) Subject to Sub-paragraph (iv) below, the Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send a circular to its Shareholders containing, amongst other terms, a generic description of the specified Participant(s) who may be granted such Options, the number of Shares subject to the Options to be granted, the terms of the Options to be granted, the purpose of granting Options to the specified Participant(s), an explanation as to how these Options serve such purpose and such other information as required under the Listing Rules.
- (iv) Notwithstanding any other provisions in the New Scheme, the limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time (or such higher percentage as may be allowed under the Listing Rules). No Options may be granted under the New Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

16. MAXIMUM ENTITLEMENT OF SHARES OF EACH PARTICIPANT

- (i) The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (ii) Any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting. The number of Shares subject to the Options to be granted and the terms of the Options to be granted to such Participant shall be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

17. GRANT OF OPTIONS TO CONNECTED PERSONS

- (i) Any grant of Options to a Participant who is a director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the Grantee).
- (ii) Where the Board proposes to grant any Option to a Participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the Offer Date of such grant:
 - (a) representing in aggregate over 0.1% of the total number of Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the Offer Date of each grant, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by the Shareholders in general meeting with all connected persons of the Company abstaining from voting (except where any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular mentioned in this paragraph). In such a case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

18. REORGANISATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital, such corresponding alterations (if any) shall be made to:

- (a) the aggregate number of Shares in respect of which outstanding Options may be granted; and/or
- (b) the Subscription Price for the Shares in respect of each outstanding Option,

or any combination thereof, such adjustments shall give a Grantee the same proportion (or rights in respect of the same proportion) of the issued share capital of the Company as that to which he is previously entitled but that no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value or at a discount to its nominal value. In respect of any such adjustments, other than any made on a capitalisation issue, the Auditors or an independent financial adviser must confirm to the Directors in writing that the adjustments have satisfied such requirements.

19. SHARE CAPITAL

The exercise of any Option shall be subject to the Shareholders in a general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

20. ALTERATION OF THE NEW SCHEME

- (i) The provisions of the New Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Scheme as to:
 - (a) the definitions of “Grantee”, “Option Period” and “Participant”;
 - (b) the provisions of Paragraphs 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 21, 22 and this Paragraph 20; and
 - (c) all such other matters set out in Rule 17.03 of the Listing Rules

shall not be altered to the advantage of the Participants except with the prior approval of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares.

- (ii) Any alterations to the terms and conditions of the New Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Scheme.
- (iii) The amended terms of the New Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the New Scheme must be approved by the Shareholders in general meeting.
- (v) Any change in the terms of options granted to a Participant who is a substantial shareholder or an independent non-executive director of the Company, or their respective associates, must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the Grantee).

21. CANCELLATION OF OPTIONS

The Board may, with the consent of the relevant Grantee, at any time in its absolute discretion cancel any Option granted but not exercised. Where the Company cancels Options and makes an Offer of the grant of new Options to the same Option holder, the Offer of the grant of such new Options may only be made, under the New Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by the shareholders of the Company as mentioned in Paragraph 15.

22. TERMINATION OF THE NEW SCHEME

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Scheme shall remain in full force and effect.

The details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are set out as follows:

Executive Directors

Mr. Wang Guanghao, aged 68, has been the Chairman and Executive Director of the Company since June 1997. He is also the chairman of Tsinlien Group Company Limited (“Tsinlien”). He is the non-executive director of Dynasty Fine Wines Group Limited (“Dynasty”) (stock code 828), the listed associated company of the Company and also the chairman and non-executive director of Tianjin Port Development Holdings Limited (“TPD”) (stock code 3382), the listed subsidiary of the Company, both companies are listed on the Stock Exchange. Mr. Wang graduated from Tianjin Mechanical Engineering Institute in 1962. He is a senior engineer. Before joining Tsinlien in May 1996, he was the vice general manager of Tianjin Petrochemical Machinery and Industrial Company, the deputy commissioner of the Tianjin Mechanic and Industrial Bureau, the commissioner of Tianjin Quality and Technology Supervision Bureau, the deputy director of Tianjin Foreign Economic Trade Commission and the director of the foreign investment office of the Tianjin Municipal People’s Government. Mr. Wang has extensive experience in engineering and corporate management in both government and private sectors for over 30 years. He has been an executive director of Wah Sang Gas Holdings Limited (stock code 8035), a company listed on the Stock Exchange, since 1999.

Mr. Wang has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company, except that he is the chairman of Tsinlien, the controlling shareholder of the Company. Save as disclosed above, Mr. Wang has not held any directorships in other listed public companies in the last three years. Mr. Wang has personal interests in share options granted by the Company to subscribe for 1,000,000 Shares of the Company.

Mr. Wang has entered into a service agreement with the company for a period of 3 years commencing 1st December 1997 and will continue thereafter until terminated by either party giving not less than 6 months’ prior written notice to the other. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company’s Articles of Association. Mr. Wang was entitled to receive a director’s emolument in the amount of HK\$4,010,000 for the year ended 31st December 2006. The director’s emolument of Mr. Wang is determined by the Board with reference to the Company’s performance and profitability benchmarked against the prevailing market conditions.

On 20th March 2007, the Stock Exchange issued a public statement which involves criticism on Mr. Wang for his breach of the Director’s Undertaking in 2000 in that he had caused or failed to prevent the breaches of the then Rules 14.26(6) and 14.29 and had failed to establish and or maintain an adequate internal system by which he could procure the Company’s compliance with the Listing Rules. Save as disclosed above, the Board is not aware of any matter in relation to Mr. Wang that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

Mr. Nie Jiansheng, aged 52, was appointed as an Executive Director and Deputy General Manager of the Company in February 2004. He is also a director and deputy general manager of Tsinlien. He is the executive director of Dynasty and also the vice chairman and executive director of TPD. He graduated from Tianjin Normal College in 1980, major in economics and philosophy and completed the postgraduate course of international trading at the Tianjin Economics and Finance Institute in 1999. He worked as the department chief and the deputy head of the Foreign Affairs Office of the Tianjin Municipal People's Government from 1980 to 1992; a deputy head and head of the Tianjin Foreign Trade Bureau and was the general secretariat of the foreign investment office of Tianjin Municipal People's Government from 1992 to 2001 respectively. He has been the vice chairman of Tianjin Heavenly Palace Winery Co., Ltd. since July 2003. Mr. Nie has extensive experience in management in the government for over 10 years.

Mr. Nie has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company, except that he is the director and deputy general manager of Tsinlien, the controlling shareholder of the Company. Save as disclosed above, Mr. Nie has not held any directorships in other listed public companies in the last three years. Mr. Nie has personal interests in share options granted by the Company to subscribe for 700,000 Shares of the Company.

There is no service contract entered into between the Company and Mr. Nie. Mr. Nie has no fixed terms of service with the Company insofar as a director of the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. Mr. Nie was entitled to receive a director's emolument in the amount of HK\$3,015,000 for the year ended 31st December 2006. The director's emolument of Mr. Nie is determined by the Board with reference to the Company's performance and profitability benchmarked against the prevailing market conditions.

Save as disclosed above, the Board is not aware of any matter in relation to Mr. Nie that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

Mr. Dai Yan, aged 54, was appointed as an Executive Director of the Company in July 2006. He is a senior economist and also a director of Tsinlien. Mr. Dai graduated from Beijing Foreign Economic Trade University in 1980. In 1998, he completed the professional course in law in the School of Central Committee of the Communist Party of PRC and the postgraduate course of international trade in the Tianjin Economics and Finance Institute, respectively. From 1988 to 2002, he acted as the deputy general manager of Tianjin Garment Import & Export Corporation; the deputy general manager of Tianjin Garment Associate Corporation; the director, deputy general manager and general manager of Tianjin Zhong Fu International Group Company Limited and acted as the director and deputy general manager of Tianjin Textile (Holdings) Limited. Mr. Dai has solid experience in management for over 20 years.

Mr. Dai has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company, except that he is a director of Tsinlien, the controlling shareholder of the Company. Mr. Dai has not held any directorships in the other listed public companies in the last three years. Mr. Dai does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract entered into between the Company and Mr. Dai. Mr. Dai has no fixed terms of service with the Company insofar as a director of the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. Mr. Dai was entitled to receive a director's emolument in the amount of HK\$504,000 for the year ended 31st December 2006. The director's emolument of Mr. Dai is determined by the Board with reference to the Company's performance and profitability benchmarked against the prevailing market conditions.

Save as disclosed above, the Board is not aware of any matter in relation to Mr. Dai that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

Mr. Hu Chengli, aged 50, was appointed as an Executive Director of the Company in July 2006. He is also a director of Tsinlien. Mr. Hu graduated from Tianjin Textile Industrial College in 1980, majoring in textile automation. In 1985, he completed professional course in business management in Tianjin Administration College and completed the postgraduate course of theory in set-up of the party at School of Tianjin Committee of the Communist Party in 2001. He obtained a master degree in business administration from the National University of South Australia in 2003. From 1979 to 1982, he was engaged in the research and development in the Tianjin Textile R&D Centre. From 1985 to 1992, he acted as the department chief and deputy head in the research & development department, news and information centre and secretarial department of Tianjin Committee Office. From 1992 to 1999, he joined the Liaison Office of The Central People's Government in the Hong Kong Special Administrative Region (formerly known as Xinhua News Agency, Hong Kong Branch) and acted as deputy head and head of the Administrative Division. From 1999 to 2002, he acted as the chief of Second Administrative Division of Tianjin Committee Office. Mr. Hu has solid experience in administration and management for over 20 years.

Mr. Hu has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company, except that he is a director of Tsinlien, the controlling shareholder of the Company. Mr. Hu has not held any directorships in the other listed public companies in the last three years. Mr. Hu has interests in 120,000 Shares of the Company within the meaning of Part XV of the SFO.

There is no service contract entered into between the Company and Mr. Hu. Mr. Hu has no fixed terms of service with the Company insofar as a director of the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. Mr. Hu was entitled to receive a director's emolument in the amount of HK\$504,000 for the year ended 31st

December 2006. The director's emolument of Mr. Hu is determined by the Board with reference to the Company's performance and profitability benchmarked against the prevailing market conditions.

Save as disclosed above, the Board is not aware of any matter in relation to Mr. Hu that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

Dr. Zong Guoying, aged 43, was appointed as an Executive Director of the Company in July 2006. Dr. Zong Guoying is a part-time university professor. He obtained his Doctorate in Economics from Nankai University in 2000. He completed his post-doctorate research in the School of Economics of the Beijing University in 2004. He is a part-time Professor of the Economics College of the Beijing Normal College. He was the deputy general manager and committee member of China Geoenvironment Corporation Limited (中地集團) from 1996 to 2002. During 1999 to 2001, he was appointed as city committee standing member and vice mayor of Dezhou, Shandong Province. From 2002 to 2006, he was the deputy head of The Administrative Commission of Tianjin Hi-Tech Industrial Park. In March 2006, he was appointed as the chairman and general manager of Tianjin Hi-Tech Holding Limited. In October 2006, he was appointed as the chairman and general manager of Binhai New Area Development and Infrastructure Company Limited. Dr. Zong has solid experience in management for over 10 years.

Dr. Zong has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. Dr. Zong has not held any directorships in the other listed public companies in the last three years. Dr. Zong does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract entered into between the Company and Dr. Zong. Dr. Zong has no fixed terms of service with the Company insofar as a director of the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. Dr. Zong has not received any director's emolument for the year ended 31st December 2006. The director's emolument of Dr. Zong is determined by the Board with reference to the Company's performance and profitability benchmarked against the prevailing market conditions.

Save as disclosed above, the Board is not aware of any matter in relation to Dr. Zong that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

Mr. Zheng Daoquan, aged 56, was appointed as an Executive Director of the Company in December 2006. Mr. Zheng is a senior economist and possesses tertiary academic qualification. From 1982 to 1998, he was the official, deputy head and head of administration section of Tianjin Engineering and Industrial Bureau. Besides, he was also the general manager of Tianjin Tai Guang Industrial and Trade Company at the same period. From 1998 to March 2006, he was the head of Tianjin's representative office of Tsinlien.

Mr. Zheng is now the director and deputy general manager of Tsinlien and the head of Tianjin's representative office of Tsinlien. Mr. Zheng has solid experience in management for over 20 years.

Mr. Zheng has no relationship with any other Directors and senior management or substantial or controlling shareholders of the Company, except that he is the director and deputy general manager of Tsinlien, the controlling shareholder of the Company. Mr. Zheng has not held any directorships in the other listed public companies in the last three years. Mr. Zheng does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract entered into between the Company and Mr. Zheng. Mr. Zheng has no fixed terms of service with the Company insofar as a director of the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. Mr. Zheng has not received any director's emolument for the year ended 31st December 2006. The director's emolument of Mr. Zheng is determined by the Board with reference to the Company's performance and profitability benchmarked against the prevailing market conditions.

Save as disclosed above, the Board is not aware of any matter in relation to Mr. Zheng that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

Independent Non-Executive Directors

Mr. Lau Wai Kit, aged 44, was appointed as an Independent Non-Executive Director of the Company in March 1998. He is a principal of Gobi Partners, Inc., a Shanghai-based venture capital firm focuses on digital media and technology investments in China. He has over 10 years of experience in investment banking and direct investment. Mr. Lau is a solicitor of the Supreme Court of Hong Kong, an attorney and counselor at law of the Supreme Court of the State of California, a solicitor of the Supreme Court of England and Wales, and an advocate and solicitor of the Supreme Court of Singapore. Mr. Lau is an independent non-executive director of China Insurance International Holdings Co. Limited (stock code 966) and Shandong Weigao Group Medical Polymer Co. Limited (stock code 8199), both companies are listed on the Stock Exchange. Mr. Lau also served as an independent non-executive director of Hi Sun Group Limited (stock code 818), also listed on the Stock Exchange, from February 2003 to April 2004.

Mr. Lau has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. Save as disclosed above, Mr. Lau has not held any directorships in the other listed public companies in the last three years. Mr. Lau does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Lau has entered into a service contract with the Company for a term of three years with effect from 1st January 2007 unless terminated by one month's notice in writing served by either party prior to the expiry of the term. Under the service contract, Mr. Lau is entitled to receive a director's fee of HK\$360,000 per annum and he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. The director's fee of Mr. Lau is determined by the Board with reference to the prevailing market conditions. Mr. Lau was entitled to receive a director's fee in the amount of HK\$330,000 for the year ended 31st December 2006.

Save as disclosed above, the Board is not aware of any matter in relation to Mr. Lau that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

Mr. Kwong Che Keung, Gordon, aged 57, has been an Independent Non-Executive Director of the Company since 1998. Mr. Kwong has also been serving as the chairman of the audit committee and a member of the remuneration committee of the Company since 1998 and 2005 respectively. He is also an independent non-executive director of a number of companies listed on the Stock Exchange, namely COSCO International Holdings Limited, Beijing Capital International Airport Company Limited, Frasers Property (China) Limited, NWS Holdings Limited, China Oilfield Services Limited, Concepta Investments Limited, China Chengtong Development Group Limited, Global Digital Creations Holdings Limited, Ping An Insurance (Group) Company of China, Limited, Quam Limited, Tom Online Inc., China Power International Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Agile Property Holdings Limited and CITIC 1616 Holdings Limited. From 1984 to 1998, Mr. Kwong was a partner of Pricewaterhouse and was a council member of the Stock Exchange from 1992 to 1997. He has a Bachelor of Social Science degree from the University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales.

Mr. Kwong also served as an independent non-executive director of New World Mobile Holdings Limited until 1st February 2007 and as a non-executive director of COSCO Pacific Limited until 1st January 2006, both companies are listed on the Stock Exchange. Besides, Mr. Kwong also served as an independent non-executive director of Henderson China Holdings Limited, a company previously listed on the Stock Exchange and was privatized in July 2005.

Mr. Kwong has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. Save as disclosed above, Mr. Kwong has not held any directorships in the other listed public companies in the last three years. Mr. Kwong does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Kwong has entered into a service contract with the Company for a term of three years with effect from 1st January 2007 unless terminated by one month's notice in writing served by either party prior to the expiry of the term. Under the service contract, Mr. Kwong is entitled to receive a director's fee of HK\$360,000 per annum and he is subject to

retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. The director's fee of Mr. Kwong is determined by the Board with reference to the prevailing market conditions. Mr. Kwong was entitled to receive a director's fee in the amount of HK\$330,000 for the year ended 31st December 2006.

Save as disclosed above, the Board is not aware of any matter in relation to Mr. Kwong that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

Dr. CHENG Hon Kwan, GBS, JP, aged 79, was appointed as an Independent Non-Executive Director of the Company in June 2001. Dr. Cheng obtained his Bachelor's Degree in Civil Engineering from Tianjin University and a DIC from Imperial College of Science and Technology, London. He has been awarded Honorary Doctor's Degrees from Hong Kong University of Science and Technology, City University of Hong Kong, Open University of Hong Kong, and Open University, UK. He is a Fellow of Imperial College and City and Guilds London Institute. He is a Past President, Honorary Fellow and Gold Medallist of the Hong Kong Institution of Engineers; Past Vice President, Fellow and Gold Medallist of the Institution of Structural Engineers, Fellow of the Institution of Civil Engineers and of the American Society of Civil Engineers and Honorary Fellow of Engineers Australia. He is also an Honorary Member of the Hong Kong Institute of Planners and the Hong Kong Institute of Architects. Dr. Cheng is an authorised person and registered structural engineer; Former Chairman of Hong Kong Housing Authority and Transport Advisory Committee. He is a member of the Standing Committee of the Tianjin CPPCC, Chairman of Tianjin GangJin Architects & Engineers Ltd. and a permanent Honorary Chairman of the Hong Kong Tianjin Friendship Association. Currently Dr. Cheng is a non-executive director of Wing Hang Bank Limited, Hang Lung Group Limited, Agile Property Holdings Limited and Hang Lung Properties Limited, all companies are listed on the Stock Exchange.

Dr. Cheng has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. Save as disclosed above, Dr. Cheng has not held any directorships in the other listed public companies in the last three years. Dr. Cheng does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Dr. Cheng has entered into a service contract with the Company for a term of three years with effect from 1st January 2007 unless terminated by one month's notice in writing served by either party prior to the expiry of the term. Under the service contract, Dr. Cheng is entitled to receive a director's fee of HK\$360,000 per annum and he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association. The director's fee of Dr. Cheng is determined by the Board with reference to the prevailing market conditions. Dr. Cheng was entitled to receive a director's fee in the amount of HK\$330,000 for the year ended 31st December 2006.

Save as disclosed above, the Board is not aware of any matter in relation to Dr. Cheng that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

NOTICE OF ANNUAL GENERAL MEETING



天津發展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

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

(Stock Code: 882)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Victoria & Chater Rooms, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on Friday, 25th May 2007 at 4:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements, the Reports of the Directors and Independent Auditor for the year ended 31st December 2006;
2. To declare a final dividend for the year ended 31st December 2006;
3. To re-elect retiring Directors and to authorise the Board of Directors to fix the remuneration of the Directors;
4. To re-appoint Independent Auditor and authorise the Board of Directors to fix the remuneration of the Independent Auditor;
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:-

ORDINARY RESOLUTIONS

A. **“THAT:**

- (a) the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and regulations and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

(b) the aggregate nominal amount of the shares to be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) 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; and

(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.”

B. **“THAT** the granting of an unconditional general mandate to the Directors of the Company to issue, allot and deal with additional shares in the capital of the Company, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions be and is hereby approved:

(a) such mandate shall not extend beyond the Relevant Period (as hereinafter defined) save the Directors of the Company may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(b) the aggregate nominal amount of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) an issue of shares in the Company upon the exercise of the subscription rights attaching to any warrants of the Company, or (iii) an issue of shares pursuant to the exercise of any options which may be granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) an issue of shares in the capital of the Company as scrip dividends pursuant to the Articles of Association of the Company from time to

NOTICE OF ANNUAL GENERAL MEETING

time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of this Resolution; and

- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) 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; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.

“Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the directors of the Company made to holders of shares on the register of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).”

- C. **“THAT** conditional upon passing Resolution No. 5A set out in the notice convening this meeting, the general mandate to the Directors of the Company to exercise the powers of the Company to allot shares pursuant to Resolution No. 5B set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate, of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5A set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of this Resolution.”

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D. **“THAT:**

- (a) subject to and conditional upon, the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval for the listing of, and permission to deal in, the shares of the Company to be issued and allotted pursuant to the exercise of any options granted under the new share option scheme of the Company (the “New Scheme”), the rules of which are contained in the document marked “A” produced to this meeting and for purposes of identification signed by the Chairman thereof, the New Scheme be and is hereby approved and adopted with effect from the date of this meeting and the Board of Directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Scheme including but without limitation:
 - (i) to administer the New Scheme under which options will be granted to participants eligible under the New Scheme to subscribe for shares in the Company;
 - (ii) to modify and/or amend the New Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Scheme relating to modification and/or amendment;
 - (iii) to issue and allot from time to time such number of shares in the Company as may be required to be issued and allotted pursuant to the exercise of the options under the New Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”);
 - (iv) to make application at the appropriate time or times to the Stock Exchange; and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of, and permission to deal in, any shares in the Company which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Scheme; and
 - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Scheme; and
- (b) subject to the adoption of the New Scheme, the existing share option scheme of the Company which was adopted by the Company and approved by ordinary resolution of the Company dated 22nd November 1997 be and is hereby terminated with effect from the adoption of the New Scheme.

NOTICE OF ANNUAL GENERAL MEETING

6. As special business to consider and, if thought fit, pass the following resolution as a special resolution:–

SPECIAL RESOLUTION

“**THAT** the articles of association of the Company be and are hereby amended in the following manner:

(a) Article 2

- (1) By deleting the words “Secretary for administrative service and information” and substituting therefor the words “Chief Secretary for Administration” in the definition of “newspaper”.
- (2) By deleting the words “or corporation” in the definition of “Secretary”.

(b) Article 15

By deleting Article 15 in its entirety and substituting therefor the following new Article 15 and its marginal note:

“Share certificates. 15. “Every person whose name is entered as a member in the register shall be entitled to receive within such period of time as prescribed by the Companies Ordinance or the Listing Rules after allotment or lodgment of a transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming a stock exchange board lot, upon payment, (i) in the case of allotment, of a sum equal to the relevant maximum amount as The Stock Exchange of Hong Kong Limited may from time to time determine for every certificate after the first or such lesser sum as the Board shall from time to time determine (ii) in the case of a transfer, of a sum equal to the relevant maximum amount as The Stock Exchange of Hong Kong Limited may from time to time determine for every certificate or such lesser sum as the Board shall from time to time determine, such number of certificates for shares in stock exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders.”

NOTICE OF ANNUAL GENERAL MEETING

(c) Article 27

By inserting the words “or by any means and in such manner as may be accepted by The Stock Exchange of Hong Kong Limited” at the end of Article 27.

(d) Article 40

By inserting the words “of share (not being a fully paid up share)” after the word “transfer” in the first line of Article 40.

(e) Article 42

By deleting the words “without charge” after the words “issued” and “him” in the third line and the fifth line of Article 42 and substituting therefor the words “with a fee not exceeding the maximum amount as may from time to time be prescribed by The Stock Exchange of Hong Kong Limited” respectively.

(f) Article 70

By inserting the words “or in the case of a member being a corporation by its duly authorised representative” after the word “person” in the sixth line of Article 70.

(g) Article 71

By deleting the words “the members present and entitled to vote shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, or if the Chairman chosen shall retire from the chair” in the third line to the sixth line of Article 71 and substituting therefor the words “the Directors present shall elect one of their number present to be Chairman and, if there is only one Director present and willing to act, he shall be Chairman. If no Director is willing to act as Chairman, or if no Director is present within fifteen minutes after the time appointed for holding the meeting”.

(h) Article 73

By inserting the following new Article 73A immediately after Article 73:

“73A. Notwithstanding any other provisions in these Articles, if the aggregate proxies held by (i) the Chairman of a particular meeting, and/or (ii) the Directors, account for five (5) per cent or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposition manner to that instructed in those proxies, the Chairman of the meeting and/or any Director holding proxies as aforesaid shall demand a poll.”

NOTICE OF ANNUAL GENERAL MEETING

(i) Article 76

By inserting the words “required under the Listing Rules or” after the word “is” in the second line of Article 76.

(j) Article 92

By deleting the last sentence of Article 92 and substituting therefor the following sentence:

“Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election.”

(k) Article 93

By inserting the following new paragraph immediately after paragraph (d) of Article 93:

“(e) An alternate Director shall be deemed to be the agent of the Director who appoints him. A Director who appoints an alternate Director shall be vicariously liable for any tort committed by the alternate Director while acting in the capacity of alternate Director.”

(l) Article 99

By inserting the following new paragraph immediately after paragraph (a)(vii) of Article 99:

“(viii) If he shall be removed from office by an ordinary resolution of the Company under Article 107.”

(m) Article 101

By deleting the first sentence of Article 101 and substituting therefor the following sentence:

“Subject to the manner of retirement by rotation of Directors as from time to time prescribed under the Listing Rules, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.”

NOTICE OF ANNUAL GENERAL MEETING

(n) Article 134

By deleting the words “In the event that the Secretary appointed is a corporation or other body, it may act and sign by the hand of any one or more of its directors or officers duly authorised.” set out as the last sentence of Article 134.

(o) Article 170

By deleting the words “any manner” after the word “in” in the sixth line of Article 170 and substituting therefor the words “such manner as provided in Article 167”.

By Order of the Board
Wang Guanghao
Chairman

Hong Kong, 27th April 2007

Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
- (2) The Register of Members of the Company will be closed from Tuesday, 22nd May 2007 to Friday, 25th May 2007, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend and to determine entitlement to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates, must be lodged for registration with the Company’s Share Registrar, Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Monday, 21st May 2007.
- (3) 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 notarially certified copy of such power of attorney or other authority, must be deposited at the Company’s Share Registrar, Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Annual General Meeting and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.
- (4) Concerning Ordinary Resolution No. 3 above, Mr. Wang Guanghao, Mr. Nie Jiansheng, Mr. Dai Yan, Mr. Hu Chengli, Dr. Zong Guoying, Mr. Zheng Daoquan, Mr. Lau Wai Kit, Mr. Kwong Che Keung, Gordon and Dr. Cheng Hon Kwan will retire and, being eligible, have offered themselves for re-election at the Annual General Meeting. Details of the above Directors are set out in Appendix III to the circular dated 27th April 2007 (the “Circular”).
- (5) Concerning Ordinary Resolution No. 5A above, the Explanatory Statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix I to the Circular.
- (6) Concerning Ordinary Resolution No. 5D above, a summary of the principal terms of the New Scheme is set out in Appendix II to the Circular.

NOTICE OF ANNUAL GENERAL MEETING

- (7) As at the date of this notice, the Board consists of sixteen Directors, namely Mr. Wang Guanghao, Dr. Ren Xuefeng, Mr. Yu Rumin, Mr. Nie Jiansheng, Mr. Dai Yan, Mr. Hu Chengli, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Dr. Zong Guoying and Mr. Zheng Daoquan as executive Directors; and Mr. Cheung Wing Yui as non-executive Director; and Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan as independent non-executive Directors.