
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tongda Group 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 or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**PROPOSED GRANT OF GENERAL MANDATES
TO REPURCHASE SHARES, ISSUE NEW SHARES,
RENEWAL OF THE 10% GENERAL LIMIT ON THE GRANT OF OPTIONS
UNDER THE SHARE OPTION SCHEME AND
PROPOSED ALTERATIONS TO THE ARTICLES OF ASSOCIATION**

A notice convening an annual general meeting of Tongda Group Holdings Limited (“Company”) to be held at the Board Room of Dynasty Club, at 7th Floor of South West Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 9th June, 2004 at 11:00 a.m. is set out on pages 3 to 13 of the 2003 annual report of the Company which was despatched to shareholders of the Company on 28th April, 2004. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time of the meeting to the Company’s branch share registrars in Hong Kong, Hong Kong Registrars Limited, at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

28th April, 2004

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RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company and its subsidiaries. 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.

DEFINITIONS

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

“10% General Limit”	the limit imposed under Clause 8.2(a) of the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company, being 10% of the Company’s issued share capital as at the date of adoption of the Share Option Scheme, which has been “refreshed” and may be further “refreshed” on and pursuant to the rules of the Share Option Scheme
“Annual General Meeting”	the annual general meeting of the Company to be convened and held on Wednesday, 9th June, 2004 at 11:00 a.m. at the Board Room of Dynasty Club at 7th Floor of South West Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong, the notice of which is set out on pages 3 to 13 of the Company’s 2003 annual report which was despatched to Shareholders on 28th April, 2004, and any adjournment thereof
“Articles”	the articles of association of the Company adopted pursuant to a written resolution passed by all shareholders of the Company on 7 December 2000
“associate(s)”	has the meaning described thereto under the Listing Rules
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Tongda Group Holdings Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected person”	has the same meaning as defined in the Listing Rules
“connected person(s)”	has the meaning described thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Grant Resolution”	the ordinary resolution passed at the annual general meeting of the Company convened on 10th June, 2002 for the grant of the first 10% General Limit
“Latest Practicable Date”	21st April, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted pursuant to an ordinary resolution of the Company passed on 10th June, 2002 replacing the Terminated Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminated Scheme”	the share option scheme of the Company adopted pursuant to an ordinary resolution in writing passed by all shareholders of the Company on 7th December, 2000 and terminated by an ordinary resolution of the Company passed on 10th June, 2002
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



TONGDA GROUP HOLDINGS LIMITED

通達集團控股有限公司

(incorporated in Cayman Islands with Limited Liability)

Directors:

Mr. Wang Ya Nan (*Chairman*)
Mr. Wang Ya Hua (*Executive*)
Mr. Wong Ah Yu (*Executive*)
Mr. Wong Ah Yeung (*Executive*)
Mr. Choi Wai Sang (*Executive*)
Mr. Ting Leung Huel, Stephen
(*Independent Non-Executive*)
Mr. Wong Kong Hon, SBS, JP
(*Independent Non-Executive*)

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
Cayman Islands

Principal place of business

in Hong Kong:
Room 1201-03, 12th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

28th April, 2004

To the Shareholders

Dear Sir or Madam,

**PROPOSED GRANT OF GENERAL MANDATES
TO REPURCHASE SHARES, ISSUE NEW SHARES,
RENEWAL OF THE 10% GENERAL LIMIT ON THE GRANT OF OPTIONS
UNDER THE SHARE OPTION SCHEME AND
PROPOSED ALTERATIONS TO THE ARTICLES OF ASSOCIATION**

INTRODUCTION

The purpose of this circular is to give you information regarding the ordinary resolutions to repurchase Shares to issue new Shares and to refresh the 10% General limit, and a special resolution relating to the proposed alteration to the Articles, and to seek your approval of the resolutions in relation thereto to be proposed at the Annual General Meeting.

Four respective ordinary resolutions and one special resolution will be proposed at the Annual General Meeting to enable the Directors to exercise the powers of the Company (i) to make repurchases on the Stock Exchange of the Company's fully paid up Shares representing up to a maximum of 10% of the existing issued share capital of the Company (ii) to issue new Shares up to 20% of the issued share capital of the Company, (iii) to increase the number of Shares which the Directors may issue under the general mandate by the number of Shares repurchased under the repurchase mandate (iv) to refresh the 10% General Limit and (v) to approve the proposed alterations to the Articles.

LETTER FROM THE BOARD

Under the Listing Rules, the Company is required to provide you with information reasonably necessary to enable you to make an informed decision as to whether to vote for or against the resolutions to be proposed at the Annual General Meeting. This circular is prepared for such purpose.

EXPLANATORY STATEMENT ON REPURCHASE MANDATE

The explanatory statement as required under the Listing Rules to provide the requisite information to you for consideration of the proposed grant of the repurchase mandate is set out below:

LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their Shares on the Stock Exchange subject to certain restrictions, the most important of which are summaries below. The Company is empowered by its Memorandum and the Articles of Association and the Companies Ordinance to repurchase its own Shares.

(a) Shareholders' approval

The Listing Rules provide that all on-market shares repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval with reference to a specific transaction.

(b) Source of funds

Repurchases must be funded out of funds which are legally available for the purpose in accordance with the Company's Memorandum and Articles of Association and the Companies Ordinance. Any repurchases by the Company may only be made out of the profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Ordinance, out of capital and, in the case of any premium payable on the repurchase, out of the profits of the Company out of the share premium account of the Company or, if authorised by the Articles and subject to the Companies Ordinance.

(c) Maximum number of shares to be purchased and subsequent issues

A maximum of 10% of fully-paid issued share capital of the Company at the date of passing the relevant resolution at the Annual General Meeting may be repurchased on the Stock Exchange.

GENERAL MANDATES TO BE GRANTED TO DIRECTORS TO MAKE ON-MARKET REPURCHASES OF SHARES AND TO ISSUE NEW SHARES

At the 2002 annual general meeting of the Company held on 28th May, 2003, the Directors were granted a general mandate to allot, issue and deal with Shares in the capital of the Company and a general mandate to repurchase Shares on the Stock Exchange. These mandates will expire at the conclusion of the forthcoming Annual General Meeting. To facilitate future allotment and issue of Shares by the Directors on behalf of the Company, the Director will seek the approval of the Shareholders for the grant

LETTER FROM THE BOARD

of the general mandate and the repurchase mandate as provided under resolutions 5(A) to 5(C) in the notice of the Annual General Meeting.

Ordinary resolution 5(A) contained in the notice of the Annual General Meeting relates to the granting of a general mandate to the Directors to issue new Shares up to a maximum of 20% of the issued share capital of the Company at the date of passing of the resolution. The authority conferred on the Directors by this mandate will continue in force until the conclusion of the next annual general meeting of the Company, or any earlier date as referred to in paragraph (d) of the ordinary resolution 5(A). In addition, subject to the approval by the Shareholders of the ordinary resolution 5(C) contained in the notice of the Annual General Meeting, the number of Shares purchased by the Company under the repurchase mandate will also be added to the 20% general mandate as mentioned above. The Directors have no immediate plans to allot and issue any new Shares other than such Shares which may fall to be issued upon the exercise of any options granted under the New Scheme.

Ordinary resolution 5(B) contained in the notice of the Annual General Meeting relates to the granting of a buy back mandate to the Directors to repurchase, on the Stock Exchange, Shares of the company up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the resolution (the repurchase mandate). The authority conferred on the Directors by this mandate will continue in force until the conclusion of the next annual general meeting of the Company, or any earlier date as referred to in paragraph (c) of ordinary resolution 5(B).

Ordinary resolution 5(C) contained in the notice of the Annual General Meeting relates to the extension of the general mandate to be granted to the Directors to issue new Shares during the relevant period by adding to it the aggregate nominal amount of Shares (if any) purchased under the repurchase mandate. The authority conferred on the Directors by this mandate will continue in force until the conclusion of the next Annual General Meeting of the Company, or any earlier date as referred to in paragraph (d) of ordinary resolution 5(A).

REASONS FOR SHARE REPURCHASES

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the repurchase mandate would be in the best interests of the Company and its Shareholders. At any time in the future when Shares are trading at a discount to their underlying value, the ability of the Company to repurchase Shares will be beneficial to those Shareholders who retain their investment in the Company since their attributable percentage interest in the Shares of the Company would increase in proportion to the number of Shares repurchased by the Company. The Directors will only make such repurchases in circumstances where they consider them to be beneficial to the Company and its Shareholders.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,247,500,000 Shares.

LETTER FROM THE BOARD

Subject to the passing of ordinary resolution 5(B), the Company would be allowed under the repurchase mandate to repurchase a maximum of 324,750,000 Shares, i.e. 10% of the total issued shares as at the date of passing of the resolutions (the repurchase mandate), on the basis that no Shares will be issued or repurchased prior to the date of the Annual General Meeting.

Subject to the passing of ordinary resolution 5(A), the Company would be allowed under the mandate to issue a maximum of 649,500,000 Shares, i.e. 20% of the total issued shares as at the date of passing of the resolutions on the basis that no Shares issued or repurchased prior to the date of the Annual General Meeting.

FUNDING OF REPURCHASES

The Directors propose that repurchases of Shares under the repurchase mandate in these circumstances would be financed from the Company's internal resources or working capital facilities.

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of the Company and the applicable laws of the Cayman Islands.

Taking into account the current working capital position of the Company, there might be a material adverse impact on the working capital or gearing position of the Company in the event that the repurchase mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would in the circumstances have a material adverse impact 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.

MARKET PRICES

The highest and lowest market prices at which Shares traded on the Stock Exchange during each of the previous 12 months and up to the Latest Practicable Date on the Stock Exchange were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2003		
April	0.108	0.074
May	0.107	0.099
June	0.127	0.102
July	0.19	0.109
August	0.228	0.182
September	0.248	0.221
October	0.235	0.198
November	0.3	0.205
December	0.285	0.223
2004		
January	0.34	0.225
February	0.295	0.247
March	0.29	0.24
April (up to the Latest Practicable Date)	0.305	0.25

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DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases under the repurchase mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers ("Code") and if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for Shares under Rule 26 of the Code. Should the Directors exercise the power of the Company under the repurchase mandate, based on the current shareholding's structure of the Company as shown at below, the Directors are not aware of any obligation that would arise under the Code.

As at the Latest Practicable Date, only the following persons were interested in 10% or more of the issued share capital of the Company as recorded in the register of interests kept by the Company under the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) and held the following number of Shares:

Name	Number of Shares	Percentage of total number of Shares	Percentage of total number of Shares (assuming the repurchase mandate is exercised in full)
Landmark Worldwide Holdings Limited	1,698,750,000	52.3%	58.1%
Public	1,470,000,000	45.3%	50.3%

Note: The entire issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25% by each of Messrs Wang Ya Nan, Wang Ya Hua, Wong Ah Yu and Wong Ah Yeung.

The Directors do not propose or intend to repurchase shares which could result in less than the prescribed minimum percentage of shares in public hands (i.e. 25%). The Stock Exchange has stated that if less than 25% of the issued share capital of the Company are in the public hands, or if the Stock Exchange believes that a false market exists or may exist in the trading of the shares or that there are insufficient shares in the public hands to maintain an orderly market, it will consider exercising its discretion to suspend the dealing in the shares.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, presently intends to sell Shares to the Company in the event that the repurchase mandate is approved by the Shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, nor they have undertaken not to sell any Shares held by them to the Company in the event that the repurchase mandate is approved by the Shareholders.

LETTER FROM THE BOARD

SHARE PURCHASES MADE BY THE COMPANY

No purchases of Shares have been made by the Company whether on the Stock Exchange or otherwise since the Company's listing on the Stock Exchange on 22nd December, 2000.

BACKGROUND ON THE PROPOSED REFRESHING OF THE 10% GENERAL LIMIT

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10th June, 2002. Under the rules of the Share Option Scheme, the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme is subject to the 10% General Limit, which was 10% of the Company's issued share capital as at the date of adoption of such Scheme. The 10% General Limit may be "refreshed" from time to time on and pursuant to the rules of the Share Option Scheme.

Since the adoption of the Share Option Scheme, the 10% General Limit has not been "refreshed". The current limit is 302 million Shares which was set pursuant to the ordinary resolution passed on 10th June, 2002, being 10% of the Shares in issue as at the date of passing of such resolution.

As at the Latest Practicable Date, (i) options carrying the rights to subscribe for up to a total of 250 million Shares have been granted under the Share Option Scheme since the passing of the Last Grant Resolution, (ii) options to subscribe for an aggregate of 230 million Shares have lapsed and been cancelled, and (iii) the total number of Shares which may fall to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and the Terminated Scheme is 20 million Shares. The Directors consider that it is in the interest of the Company to "refresh" the 10% General Limit to permit the grant of further options under the Share Option Scheme.

SHARE OPTION SCHEME – RENEWAL OF 10% GENERAL LIMIT

At the annual general meeting of the Company convened on 10th June, 2002, an ordinary resolution was passed by the Shareholders for the adoption of the Share Option Scheme and termination of the Terminated Scheme.

Apart from the Share Option Scheme and the Terminated Scheme, the Company has no other share option scheme. As at the Latest Practicable Date, options carrying the rights to subscribe for up to a total of 20 million Shares (representing approximately 0.62% of the Shares in issue as at the Latest Practicable Date) remained outstanding under the Share Option Scheme. No further options may be granted under the Terminated Scheme.

Under the rules of the Share Option Scheme:

- (1) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares of the Company in issue from time to time ("**30% Overall Limit**");

LETTER FROM THE BOARD

- (2) the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company is subject to the 10% General Limit; and
- (3) unless approved by the Shareholders in general meeting, the total number of Shares issued and to be issued upon the exercise of options granted to each participant of the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued share capital of the Company (“**Single Participant Limit**”).

The Company may seek approval from the Shareholders in general meeting for refreshing the 10% General Limit so that the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company shall be re-set at 10% of the Shares of the Company in issue as at the date of the approval of the limit as “refreshed”.

In this connection, options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the 10% General Limit as “refreshed”.

The existing 10% General Limit is 302 million Shares, being 10% of the Shares of the Company in issue as at the date of passing of the Last Grant Resolution. As at the Latest Practicable Date, options carrying the rights to subscribe for up to a total of 250 million Shares had been granted under the Share Option Scheme since the passing of the Last Grant Resolution. All these options were granted on 5th February, 2004 and are in accordance with the terms and restrictions of the Share Option Scheme (including the Single Participant Limit). All these options were granted to 10 employees of the Group.

All the above grantees of the options fell within the category of eligible participants under the Share Option Scheme. The Directors confirm that the grant of options to the above grantees was in line with the rules of the Share Option Scheme and the relevant requirements of the Listing Rules. None of these grantees is a connected person of the Company.

Since the adoption of the Share Option Scheme, none of the grantees has been granted options that exceed the Single Participant Limit.

As at the Latest Practicable Date, (i) a total number of 250 million Shares have been issued pursuant to the exercise of options granted under the Share Option Scheme since the passing of the Last Grant Resolution, and (ii) options to subscribe for an aggregate of 230 million Shares have lapsed and been cancelled, and (iii) the total number of Shares which may fall to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and the Terminated Scheme is 20 million Shares (representing approximately 0.62% of the Shares in issue as at the Latest Practicable Date). Unless the 10% General Limit is “refreshed”, only up to 52 million Shares (“**Remaining Options**”, which include limits previously sought but not yet granted as at the Latest Practicable Date) may be issued pursuant to the grant of further options under the Share Option Scheme.

LETTER FROM THE BOARD

If the 10% General Limit is “refreshed”, on the basis of 3,247.5 million Shares in issue as at the Latest Practicable Date and assuming that, prior to the Annual General Meeting (i) no Shares are issued (whether upon exercise of options granted under the Share Option Scheme or otherwise) or repurchased by the Company and (ii) none of the Remaining Options are granted, the 10% General Limit will be re-set at 324.75 million Shares and the Company will be allowed to grant further options under the Share Option Scheme and other share option schemes carrying the rights to subscribe for a maximum of 324.75 million Shares (“**Available Limit**”, being the sum total of the “refreshed” limit).

On the basis of 3,247.5 million Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 974.25 million Shares. Accordingly, the Available Limit arising from the “refreshing” of the 10% General Limit does not exceed the 30% Overall Limit as at the Latest Practicable Date.

The purpose of the Share Option Scheme is to provide incentives or rewards to employees, customers and suppliers of the Group and other eligible participants of the Share Option Scheme for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Given that the existing 10% General Limit is near depletion, the Share Option Scheme cannot continue to serve its intended purpose for the benefits of the Group and its Shareholders unless the General Scheme Limit is “refreshed” in accordance with the rules of the Scheme.

The Directors consider that it will be for the benefit of the Company and its Shareholders as a whole that eligible participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of options under the Share Option Scheme. This will motivate the eligible participants to contribute to the success of the Group. For these reasons, the Directors will propose the passing of an ordinary resolution at the Annual General Meeting for “refreshing” the 10% General Limit.

ALTERATIONS TO THE ARTICLES

As announced by the Stock Exchange in its press release dated 30 January 2004, the Stock Exchange has revised the Listing Rules based on the results of the Consultation Conclusions on Proposed Amendments to the Listing Rules relating to Corporate Governance Issues issued in January 2003. Such revisions of the Listing Rules took effect on 31 March 2004 and include revisions to Part B of Appendix 3 to the Listing Rules, which sets out the requirements that the articles of association or, as the case may be, the bye-laws of listed issuers or listing applicants shall comply with.

To ensure compliance with the revised Appendix 3 Part B to the Listing Rules, listed issuers must alter their articles of association or, as the case may be, the bye-laws at the earliest opportunity and, in any event, no later than the conclusion of their next annual general meeting after 31 March 2004.

LETTER FROM THE BOARD

To align the Articles with the requirements of the revised Appendix 3 to the Listing Rules, the Board wishes to propose a special resolution at the Annual General Meeting to alter the Articles. In general, the proposed alterations to the Articles are to be made to conform to the following in relation to corporate governance:

- (a) the minimum seven-day period of lodgment by the Shareholders of notice to nominate a Director shall commence no earlier than the date after the despatch of the notice of meeting appointed for such election and end no later than seven days before the date of such meeting;
- (b) a Director shall abstain from voting at the meeting of the Board on any matter in which he or any of his associates has a material interest and not to be counted towards the quorum of the relevant meeting of the Board; and
- (c) where any Shareholder is, under the revised Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

A full text of the proposed alterations to the Articles is contained in resolution numbered 7 in the notice of the Annual General Meeting set out on pages 3 to 13 of the Annual Report despatched together with this circular.

PROCEDURE FOR DEMANDING A POLL

Pursuant to Article 72 of the Articles, a poll can be demanded in respect of a resolution put to vote at the Annual General Meeting. The procedure for demand for voting on poll at the Annual General meeting are set out below:

Pursuant to Article 72 of the Articles, a resolution put to the vote of the Annual General Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorized 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
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorized 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.

LETTER FROM THE BOARD

ACTIONS TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed with the annual report for the year ended 31st December, 2003. To be valid, the instrument appointing a proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrars in Hong Kong, Hong Kong Registrars Limited, at Rooms 1901-5, 19th Floor, Hopewell Centre, 183, Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the above meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the Annual General Meeting.

RECOMMENDATION

The Directors have presently no intention to issue new Shares for the Company. The Directors believe that an exercise of the general mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The repurchase mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases of Shares will benefit the Company and the Shareholders.

An exercise of the repurchase mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31st December, 2003, being the date of its latest audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

The Directors believe that the general mandate to issue Shares and the repurchase mandate are beneficial to the Company and the Shareholders as a whole and accordingly recommend that all Shareholders should vote in favour of ordinary resolutions 5(A), 5(B) and 5(C) to be proposed at the Annual General Meeting.

The Directors consider that the renewal of the 10% General Limit is in the best interests of the Company and its Shareholders and recommend Shareholders to vote in favour of the ordinary resolution set out in the notice of the Annual General Meeting.

The special resolution in relation to the proposed alteration to the Articles is proposed for purpose of complying with the Listing Rules. Accordingly, the Directors recommend Shareholders to vote in favour of the special resolution for approving the alterations to the Articles.

LETTER FROM THE BOARD

DOCUMENT AVAILABLE FOR INSPECTION

Copies of the memorandum of the Company, the Articles and the Share Option Scheme will be available for inspection at the head office and principal place of business in Hong Kong of the Company at Room 1201-03, 12/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong during normal business hours on any business day from the date hereof up to and including the date of the Annual General Meeting.

Yours faithfully,
For and on behalf of
the Board of Directors of
Tongda Group Holdings Limited
WANG YA NAN
Chairman