
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares in **Tianjin Development Holdings Limited**, you should at once hand this circular, together with the proxy form, to the purchaser or 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)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION RELATING TO TIANJIN PORT ALLIANCE INTERNATIONAL CONTAINER TERMINAL CO., LTD.

*Independent Financial Adviser
to the Independent Board Committee
and the Independent Shareholders*



A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee is set out on page 15 of this circular. A letter from Access Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 25 of this circular.

A notice convening the EGM of the Company to be held at Gloucester Room, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Monday, 15 October 2007 at 3:00 p.m. is set out on pages 34 to 35 of this circular. A form of proxy for use by the Shareholders at the EGM (or any adjourned meeting thereof) is also enclosed.

Whether or not you are able to attend the EGM, please complete and return the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time scheduled for holding the EGM (or any adjourned meeting thereof). Completion and delivery of the proxy form shall not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

16 August 2007

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DEFINITIONS

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

“Access Capital”	Access Capital Limited, being a corporation licensed by the Securities and Futures Commission of Hong Kong for carrying out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporation finance) and Type 9 (asset management) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition
“Acquisition”	the acquisition of 40% equity interest in Tianjin Port Alliance by Tianjin Port from Tianjin Port Group pursuant to the Equity Interest Transfer Agreement
“APM”	APM Terminals Tianjin International Company Limited, a company incorporated in Hong Kong which owns 20% equity interest in Tianjin Port Alliance prior to and after Completion
“associate(s)”	has the meaning given to it by the Listing Rules
“Board”	the board of Directors
“Company”	Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange and is the indirect controlling shareholder of Tianjin Port
“Completion”	the completion of the transfer of a total of 40% equity interest by Tianjin Port Group to Tianjin Port at a consideration of RMB524,343,480 (equivalent to approximately HK\$535 million) pursuant to the Equity Interest Transfer Agreement
“connected person(s)”	has the meaning given to it by the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the forthcoming extraordinary general meeting of the Company to be held at Gloucester Room, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Monday, 15 October 2007, at 3:00 p.m.

DEFINITIONS

“Equity Interest Transfer Agreement”	the equity interest transfer agreement dated 26 July 2007 entered into between Tianjin Port and Tianjin Port Group relating to the Acquisition
“Euroasia”	天津港歐亞國際集裝箱碼頭有限公司 (Tianjin Port Euroasia International Container Terminal Co., Ltd.*), a wholly-foreign owned enterprise to be established in the PRC by a wholly-owned subsidiary of Tianjin Port
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive Directors, consisting of Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan formed to advise the Independent Shareholders in respect of the terms of the Acquisition
“Independent Shareholders”	the Shareholders other than Tsinlien and its associates
“Independent Third Party(ies)”	person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with Tianjin Port and the Company and their respective connected persons or their respective associates
“Latest Practicable Date”	10 August 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OOCL”	東方海外貨櫃碼頭(天津)有限公司 (OOCL Terminal (Tianjin) Limited*), a company incorporated in Hong Kong which owns 20% equity interest in Tianjin Port Alliance prior to and after Completion
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“PSA”	新加坡PSA中國有限公司 (PSA China Pte. Ltd.*), a company incorporated in Singapore which owns 20% equity interest in Tianjin Port Alliance prior to and after Completion
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Cap. 571 of The Laws of Hong Kong
“Shareholders”	the shareholders of the Company
“Share(s)”	ordinary share(s) of nominal value HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Port”	Tianjin Port Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Tianjin Port Alliance”	天津港聯盟國際集裝箱碼頭有限公司 (Tianjin Port Alliance International Container Terminal Co., Ltd.*), a sino-foreign equity joint venture incorporated in the PRC on 30 March 2005 and a 40% owned associate of Tianjin Port Group
“Tianjin Port Board”	the board of directors of Tianjin Port
“Tianjin Port Group”	天津港(集團)有限公司 (Tianjin Port (Group) Co., Ltd.*), an entity reorganized as a wholly state-owned company in the PRC on 29 July 2004 and the holding company of the businesses owned and operated by the former Tianjin Port Authority
“TPD Group”	Tianjin Port and its subsidiaries
“Tsinlien”	Tsinlien Group Company Limited, a company incorporated in Hong Kong with limited liability on 19 October 1979 which is controlled by the Tianjin Government and the controlling shareholder of the Company

DEFINITIONS

“US\$” United States dollars, the lawful currency of the United States

“Valuer” 天津華夏松德有限責任會計師事務所, an independent qualified valuer in the PRC engaged by Tianjin Port

Unless otherwise stated, amounts in RMB and US\$ have been translated into HK\$ at exchange rates of HK\$1.00 to RMB0.98 and HK\$7.80 to US\$1.00 for illustration purposes only. No representation is made that any amounts in RMB, US\$ or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese names shall prevail.

** For identification purpose only*

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 and 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 Director:

Mr. Cheung Wing Yui

Independent Non-executive Directors:

Mr. Kwong Che Keung, Gordon
Mr. Lau Wai Kit
Dr. Cheng Hon Kwan

16 August 2007

To the Shareholders,

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
RELATING TO
TIANJIN PORT ALLIANCE INTERNATIONAL
CONTAINER TERMINAL CO., LTD.**

1. INTRODUCTION

The Board announced on 26 July 2007 that Tianjin Port had on 26 July 2007 entered into the Equity Interest Transfer Agreement with Tianjin Port Group.

LETTER FROM THE BOARD

As the Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules to deem Tianjin Port Group and its associates as connected persons of the Company and Tianjin Port, the entering into of the Equity Interest Transfer Agreement by Tianjin Port with respect to the Acquisition constitutes a connected transaction for each of the Company and Tianjin Port.

As the applicable percentage ratios for the Acquisition exceeds 2.5% and the consideration for the Acquisition is more than HK\$10,000,000, the Acquisition is subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules, and the approval of the Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at the EGM.

As one of the applicable percentage ratios for the Acquisition exceeds 5% but is less than 25%, the entering into of the Equity Interest Transfer Agreement by Tianjin Port with respect to the Acquisition also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders as to the terms of the Acquisition.

The Company has appointed Access Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition under the Equity Interest Transfer Agreement. The recommendation of the Independent Board Committee and the advice of Access Capital are also included in this circular.

The purpose of this circular is (i) to provide you with details of the terms of the Acquisition; (ii) to set out the opinions and recommendations of the Independent Board Committee and Access Capital; and (iii) to give you notice of the EGM at which the resolution set out therein will be proposed. The EGM will be held on 15 October 2007 for the purpose of, inter alia, obtaining the approval from the Independent Shareholders for the Acquisition by way of poll.

2. THE EQUITY INTEREST TRANSFER AGREEMENT DATED 26 JULY 2007

The parties

Vendor : Tianjin Port Group

Purchaser : Tianjin Port

Assets to be acquired

Pursuant to the Equity Interest Transfer Agreement, Tianjin Port had conditionally agreed to acquire 40% equity interest in Tianjin Port Alliance from Tianjin Port Group. OOCL, PSA and APM, all being Independent Third Parties and the existing shareholders of Tianjin Port Alliance, agreed to the Acquisition and had respectively renounced their first rights of refusal.

LETTER FROM THE BOARD

Consideration for the Acquisition

The consideration for the Acquisition is RMB524,343,480 (equivalent to approximately HK\$535 million) and shall be payable in HK\$ or US\$ (calculated based on The People's Bank of China base rate on the date of Completion) by Tianjin Port to Tianjin Port Group by way of wire transfer to the designated bank account of Tianjin Port Group within 10 working days from the date of Completion.

The consideration for the Acquisition was arrived at after arm's length negotiations between Tianjin Port and Tianjin Port Group with reference to the adjusted net asset value of Tianjin Port Alliance of RMB1,311 million as at 30 April 2007 as contained in the valuation report issued by the Valuer.

The assets of Tianjin Port Alliance were valued on a depreciated replacement cost basis (重置成本法) by reference to the purchase or construction costs of the assets at observable market prices on arm's length terms, less any accumulated depreciation and accumulated impairment in value. The liabilities of Tianjin Port Alliance were valued on a basis by reference to the actual amount of liabilities to be assumed by Tianjin Port after the Acquisition. The consideration for the Acquisition shall be funded mainly by the internal resources of the TPD Group.

Conditions

The effectiveness of the Equity Interest Transfer Agreement is subject to the following conditions being satisfied and/or waived:

- (i) the obtaining by Tianjin Port Group of the relevant approvals of the Acquisition under the Equity Interest Transfer Agreement by the State-owned Assets Supervision and Administrative Commission of the State Council and the Original Foreign Investment Enterprises Supervision Authority as required under the PRC laws, and all such approvals remaining effective throughout;
- (ii) the obtaining of the respective approval from Tianjin Port's independent shareholders and the Independent Shareholders of the Equity Interest Transfer Agreement and the Acquisition as required under the Listing Rules;
- (iii) the obtaining of the Certificate of Approval for Foreign Investment Enterprises issued with changes verified and approved by the Original Foreign Investment Enterprises Supervision Authority;
- (iv) the declarations and warranties of Tianjin Port Group made under the Equity Interest Transfer Agreement being true and accurate and not being misleading;

LETTER FROM THE BOARD

- (v) there being no enactment of any PRC laws that will substantially obstruct the enforcement or performance of the Equity Interest Transfer Agreement during the period from the date of signing of the Equity Interest Transfer Agreement to the date of obtaining the relevant approvals; and

- (vi) Tianjin Port Group not being involved in any litigation, arbitration or other legal disputes that may prevent the enforcement or performance of the Equity Interest Transfer Agreement during the period from the date of signing of the Equity Interest Transfer Agreement to the date of obtaining the relevant approvals.

Conditions (iv) and (vi) can be waived by Tianjin Port in writing at its absolute discretion. As at the Latest Practicable Date, none of the above conditions has been fulfilled. The effective date of the Equity Interest Transfer Agreement shall be the date on which all conditions above are fulfilled and/or waived.

Completion of the Acquisition

Completion shall take place on the day when the legal and valid registration of the transfer of the 40% equity interest is completed with the relevant Industrial and Commercial Administration Bureau.

Information on Tianjin Port Alliance

Tianjin Port Alliance is a sino-foreign equity joint venture established in the PRC on 30 March 2005 with a registered capital of US\$160 million (equivalent to approximately HK\$1,244 million). As at the date of the Equity Interest Transfer Agreement, the entire amount of the registered capital of Tianjin Port Alliance had been fully paid up. Immediately before Completion, Tianjin Port Alliance is beneficially owned as to 40% by Tianjin Port Group, 20% by OOCL, 20% by PSA and 20% by APM respectively. After Completion, Tianjin Port Alliance will then be owned as to 40% by Tianjin Port, 20% by OOCL, 20% by PSA and 20% by APM respectively. The Valuer has indicated that the value of the 40% equity interest in Tianjin Port Alliance as at 30 April 2007 is approximately RMB524 million (equivalent to approximately HK\$535 million).

LETTER FROM THE BOARD

The following table illustrates the change in holding structure in Tianjin Port Alliance immediately before and after Completion.

Shareholder	Equity Interest (%)	
	Before Completion	After Completion
Tianjin Port Group	40	–
Tianjin Port	–	40
OOCL	20	20
PSA	20	20
APM	20	20

Tianjin Port Alliance is principally engaged in the investment and construction of container stacking yards and operation of related businesses; the loading and unloading of containers from vessels, trains and vehicles and other general cargoes; the export and import of containers and the storage and warehousing of other cargoes; international and domestic cargo agency services; assembling and disassembling of containers; and provision of logistic and management composite services for containers in the PRC.

Upon Completion, the TPD Group will hold 40% equity interest in Tianjin Port Alliance which will become an associated company of Tianjin Port. At present, the board of Tianjin Port Alliance consists of 10 directors and Tianjin Port Group has nominated 4 directors to the board of Tianjin Port Alliance. Appropriate arrangements will be made upon and/or after Completion in relation to the appointment of 4 directors by Tianjin Port to the board of Tianjin Port Alliance.

Financial information of Tianjin Port Alliance

Based on the audited financial information of Tianjin Port Alliance, which were prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”), the audited net asset value of Tianjin Port Alliance as at 30 April 2007 was approximately HK\$1,233 million. Based on the audited financial information of Tianjin Port Alliance prepared under HKFRS, the loss before and after taxation for the period from 30 March 2005 (date of establishment) to 31 December 2005, the year ended 31 December 2006 and the four months ended 30 April 2007 are set out in the following table respectively:

	(Audited) Period from 30 March 2005 (date of establishment) to 31 December 2005 <i>HK\$'000</i>	(Audited) Year ended 31 December 2006 <i>HK\$'000</i>	(Audited) Four months ended 30 April 2007 <i>HK\$'000</i>
Loss before taxation	3,231	12,086	46,526
Loss after taxation	3,231	12,086	46,526

LETTER FROM THE BOARD

The original acquisition cost of the 40% equity interest in Tianjin Port Alliance of Tianjin Port Group was approximately RMB511 million (equivalent to approximately HK\$498 million).

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY INTEREST TRANSFER AGREEMENT

One of the competences and focuses of the TPD Group is in the operation of container handling business in Tianjin. In view of the continuous growing trend in container throughput in the port of Tianjin, the PRC and the geographical proximity of the ports operated by Tianjin Port Alliance with Euroasia, the Tianjin Port Board believes that the acquisition of Tianjin Port Alliance is in line with the focus and strategy of the TPD Group and will increase its throughput and market share in the port of Tianjin which, in turn, is beneficial to the shareholders of Tianjin Port. As a result of the Acquisition, the TPD Group will expand its container handling business in the PRC through its investment interest in Tianjin Port Alliance.

4. FINANCIAL EFFECTS OF THE ACQUISITION

The consolidated net asset value attributable to the equity holders of the Group as at 31 December 2006 was HK\$6,906 million. The Group's profit attributable to equity holders for the year ended 2006 was HK\$553 million. The net asset value of the Tianjin Port Alliance as at 30 April 2007 and the loss for the four months ended 30 April 2007 were HK\$1,233 million and HK\$47 million respectively. After Completion, Tianjin Port and the Company will equity account for the 40% interest in Tianjin Port Alliance on the fair market value of Tianjin Port Alliance as at the Completion. The consideration of the Acquisition is RMB524,343,480 (equivalent to approximately HK\$535 million) which is determined with reference to the adjusted net asset value of Tianjin Port Alliance as at 30 April 2007 as contained in the valuation report issued by the Valuer. If Completion had taken place on 31 December 2006, there would not be any significant change to the net asset value of the Group as at 30 April 2007 immediately upon Completion.

5. LISTING RULES IMPLICATIONS

As the Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules to deem Tianjin Port Group and its associates as connected persons of Tianjin Port and the Company, the entering into of the Equity Interest Transfer Agreement by Tianjin Port with respect to the Acquisition constitutes a connected transaction for each of Tianjin Port and the Company.

As the applicable percentage ratios for the Acquisition exceeds 2.5% and the consideration for the Acquisition is more than HK\$10,000,000, the Acquisition is subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules, and the approval of the Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at the EGM.

LETTER FROM THE BOARD

As one of the applicable percentage ratios for the Acquisition exceeds 5% but is less than 25%, the entering into of the Equity Interest Transfer Agreement by Tianjin Port with respect to the Acquisition also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

6. REQUIREMENTS UNDER THE LISTING RULES

The Board (including the independent non-executive Directors) considers that the Equity Interest Transfer Agreement and the Acquisition are fair and reasonable, on normal commercial terms and are entered into in the usual and ordinary course of business of the Group and that the entering into of the Equity Interest Transfer Agreement by Tianjin Port and the Acquisition are in the interests of the Company and the Shareholders as a whole.

The Company will seek Independent Shareholders' approval of the Acquisition under the terms of the Equity Interest Transfer Agreement.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any shareholder and their associates with a material interest in the Acquisition are required to abstain from voting on the resolution at the extraordinary general meetings to be held to approve the same. Tsinlien and its associates are required to abstain from voting on the resolution approving the Acquisition at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders as to the terms of the Equity Interest Transfer Agreement with respect to the Acquisition.

The Company has appointed Access Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Interest Transfer Agreement with respect to the Acquisition.

7. GENERAL

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries and associated companies are (i) infrastructure operations including toll road operations and port operations; (ii) utility operations including supply of water, electricity and heat and thermal power; and (iii) strategic and other investments including investments in the production, sale and distribution of winery products, gas fuel operations and elevator and escalator operations.

Tianjin Port Group is the holding company of the businesses owned and operated by the former Tianjin Port Authority, which include port loading and unloading, stacking and warehousing, transportation and port area land development in the PRC.

LETTER FROM THE BOARD

8. THE EXTRAORDINARY GENERAL MEETING

There is set out on pages 34 to 35 of this circular a notice convening the EGM to be held at Gloucester Room, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Monday, 15 October 2007 at 3:00 p.m. at which an ordinary resolution will be proposed for the approval by the Independent Shareholders of the terms of the Acquisition. In compliance with the Listing Rules, the votes to be taken at the EGM in respect of the terms of the Acquisition will be taken by poll, the results of which will be published after the EGM.

In view of its interests in the Equity Interest Transfer Agreement, Tsinlien and its subsidiaries or associates will abstain from voting on the resolution to be proposed at the EGM in respect of the Acquisition.

As far as the Company was aware, after having made all reasonable enquiries, as at the Latest Practicable Date:

- (a) Tsinlien and its associates controlled or were entitled to exercise control of approximately 51.97% voting rights in aggregate at general meeting of the Company;
- (b) (i) there were no voting trust or other agreements or arrangements or understandings (other than an outright sale) entered into by or binding upon any of Tsinlien and its associates;
- (ii) there were no obligations or entitlement of Tsinlien and its associates,

whereby such persons had or might have temporarily or permanently passed control over the exercise of the voting right in respect of their Shares to third parties, either generally or on a case-by-case basis; and

- (c) there was no discrepancy between the beneficial shareholding interests of Tsinlien and its associates and the number of Shares in respect of which they would control or would be entitled to exercise control over the voting right at the EGM.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor 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 the holding of the EGM or any adjournments thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournments thereof should you so desire.

LETTER FROM THE BOARD

9. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 73 of the articles of association of the Company, at any general meeting a resolution put to the vote of a 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 results of the show of hands) demanded:

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

10. RECOMMENDATIONS

Your attention is drawn to:

- (a) the letter from the Independent Board Committee the text of which is set out on page 15 of this circular; and
- (b) the letter from Access Capital the text of which is set out on pages 16 to 26 of this circular.

The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote at the EGM.

The Independent Board Committee, having taken into account the advice of Access Capital, considers that the Equity Interest Transfer Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Board Committee therefore recommends the Independent Shareholders to vote in favour of the resolution to be proposed in the EGM to approve the Equity Interest Transfer Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Taking into account the letter from the Independent Board Committee and all other factors stated above as a whole, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the Equity Interest Transfer Agreement and the Acquisition.

11. FURTHER INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and Access Capital which are respectively set out on page 15 and pages 16 to 26 of this circular. Additional information is set out in the appendix of this circular for your information.

Yours faithfully,
By Order of the Board
Tianjin Development Holdings Limited
Wang Guanghao
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

16 August 2007

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
RELATING TO
TIANJIN PORT ALLIANCE INTERNATIONAL
CONTAINER TERMINAL CO., LTD.**

We refer to the circular dated 16 August 2007 issued by the Company (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Equity Interest Transfer Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the same. Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 14 of the Circular, and the letter from Access Capital which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Equity Interest Transfer Agreement and the transactions contemplated thereunder as set out on pages 16 to 26 of the Circular.

After taking into consideration the advice from Access Capital, we concur with the views of Access Capital and consider that the terms of the Equity Interest Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, entered into in the ordinary and usual course of the business of the Group and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Group and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Equity Interest Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

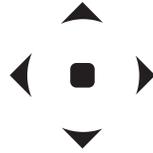
Kwong Che Keung, Gordon
*Independent non-executive
Director*

Lau Wai Kit
*Independent non-executive
Director*

Cheng Hon Kwan
*Independent non-executive
Director*

LETTER FROM ACCESS CAPITAL

The following is the text of the letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition prepared for the purpose of incorporation in this circular.



**A C C E S S
C A P I T A L**

Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

16 August 2007

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
RELATING TO
TIANJIN PORT ALLIANCE INTERNATIONAL
CONTAINER TERMINAL CO., LTD.**

I. INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the terms of the Acquisition under the Equity Interest Transfer Agreement. Details of the Equity Interest Transfer Agreement and the transactions contemplated thereunder are contained in the “Letter from the Board” of the circular to the Shareholders dated 16 August 2007 (the “Circular”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise specifies.

Pursuant to the Equity Interest Transfer Agreement, Tianjin Port had agreed to acquire 40% equity interest in Tianjin Port Alliance from Tianjin Port Group at a consideration of RMB524,343,480, equivalent to approximately HK\$535 million. Immediately before Completion, Tianjin Port Alliance is beneficially owned as to 40% by Tianjin Port Group, 20% by OOCL, 20% by PSA and 20% by APM respectively. After Completion, Tianjin Port Alliance will then be owned as to 40% by Tianjin Port, 20% by OOCL, 20% by PSA and 20% by APM respectively. As a result, Tianjin Port Alliance will become an associated company of Tianjin Port.

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As the Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules to deem Tianjin Port Group and its associates as connected persons of the Company and Tianjin Port, the entering into of the Equity Interest Transfer Agreement constitutes a connected transaction for each of the Company and Tianjin Port under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Acquisition exceeds 2.5% and the consideration for the Acquisition is more than HK\$10,000,000, the Acquisition is subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules, and the approval of the Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at their respective general meetings.

As one of the applicable percentage ratios for the Acquisition exceeds 5% but is less than 25%, the entering into of the Equity Interest Transfer Agreement by Tianjin Port with respect to the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Tsinlien and its associates controlled or were entitled to exercise control of approximately 51.97% voting rights in aggregate at general meeting of the Company, will abstain from voting in the EGM to be convened for the approval of the Acquisition under the terms of the Equity Interest Transfer Agreement.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of twelve executive 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, one non-executive director, Mr. Cheung Wing Yui and three independent non-executive directors, namely Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan.

The Independent Board Committee comprising the independent non-executive directors, namely Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan has been established to consider the terms of the Equity Interest Transfer Agreement with respect to the Acquisition.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Equity Interest Transfer Agreement contemplated therein were agreed on normal commercial terms, in ordinary and usual business and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and to give our opinion in relation to the terms of the Equity Interest Transfer Agreement with respect to the Acquisition for their consideration when making their recommendation to the Independent Shareholders.

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III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the Group contained in the Circular and the information and representations provided to us by the Group and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular or otherwise provided or made or given by the Group and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Directors and/or the senior management staff of the Group contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Group and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are available to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Group or any of its subsidiaries.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background to the Acquisition

1.1 Principal activities of the TPD Group

The TPD Group is principally engaged in the provision of ports services including the loading and unloading of containerised and non-containerised cargoes from shipping vessels, the stacking and warehousing of containers and cargoes, as well as various ancillary services in Tianjin, the PRC.

1.2 Overall financial performance

For the two years ended 31 December 2006, the TPD Group recorded turnover of approximately HK\$898.2 million (2005) and HK\$1,036.5 million (2006) respectively, and recorded a profit attributable to equity holders of Tianjin Port of approximately HK\$147.3 million (2005) and HK\$304.0 million (2006).

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As at 31 December 2005 and 2006, the consolidated net assets attributable to equity holders of Tianjin Port amounted to approximately HK\$1,426.3 million and HK\$2,998.2 million respectively.

The growth in revenue was driven by a 21% increase in the container throughput from 2,050,052 TEUs in 2005 to 2,490,000 TEUs in 2006. For the same period, the total throughput of bulk cargo decreased by 9% from approximately 18.3 million tonnes to approximately 16.6 million tonnes.

Excluding the one-off interest income from the subscription proceeds during the TPD Group's initial public offerings in May 2006, the TPD Group's consolidated profit attributable to the shareholders of Tianjin Port was HK\$206.7 million, representing an increase of approximately 40.4% from previous year. Such kind of performance was the result of enhanced handling efficiency, improved cargo mix and effective cost controls.

1.3 Reasons for and benefits of the Acquisition

As stated in the "Letter from the Board", one of the TPD Group's competences and focuses is in the operation of container handling business in Tianjin. In view of the continuous growing trend in container throughput in the port of Tianjin, the PRC and the geographical proximity of ports operated by Tianjin Port Alliance with Euroasia, the Tianjin Port Board believes that the acquisition of Tianjin Port Alliance is in line with the TPD Group's focus and strategy and will increase the TPD Group's throughput and market share in the port of Tianjin, which, in turn, is beneficial to the shareholders of Tianjin Port, which in turn, will benefit the Group. As a result of the Acquisition, the TPD Group will expand its container handling business in the PRC through its investment interest in Tianjin Port Alliance.

In addition, as stated in the TPD Group's annual report for the year ended 31 December 2006, with increasingly attractive margins and investment return in the container handling business and the rising rate of containerisation in the PRC and abroad, the TPD Group intends to focus future investment in container terminal.

Taking into account that (i) one of the TPD Group's strategies is to increase the TPD Group's throughput and market share in the port of Tianjin; and (ii) the TPD Group's stated strategy to focus on investment in container terminal, we concur with the view of the Tianjin Port Board and are of the view that the Acquisition is in line with the TPD Group's existing business strategies.

1.4 Prospects

As stated in the TPD Group's annual report for the year ended 31 December 2006, the Tianjin Port Board has noted that based on the Eleventh Five Year Plan (the "Plan") announced by the PRC government in March 2006, Binhai New District was being included in the State's development strategies and was designated as the third pole of the PRC's economic growth alongside with Shenzhen and Shanghai, and the port of Tianjin to be developed into an international shipping hub and a logistics center for northern China.

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The Plan indicates that over the next five years, a total investment of RMB36.6 billion will be spent on enhancing the infrastructure of the port of Tianjin. It is anticipated that by 2010, the port of Tianjin will have a navigation channel for 250,000 tonnes vessels. The container and non-containerised throughput are targeted to reach 10 million TEUs and 300 million tonnes respectively by 2010.

The container throughput in the port of Tianjin is growing tremendously in the past decade with compound annual growth rate of about 23.1% for the period from 2000 to 2006. Tianjin Port believes that the economic growth in the region, hence container throughput growth, will continue to be promising in the coming years. The container terminal of Tianjin Port Alliance, being one of the most advanced container terminals in the port of Tianjin, will definitely benefit from the promising growth potential of the container throughput in the region. It is also Tianjin Port Alliance's strategy to further invest in container handling facilities in the future, which is capable of uplifting the terminal to achieve capacity beyond the designed level, in order to meet the future demand. Furthermore, in view of the geographical proximity of the ports operated by Tianjin Port Alliance with Euroasia, Tianjin Port believes that it will be able to better utilise the quay lengths of the two terminals and therefore enhance the combined handling capacity.

On this basis of the above factors, the Tianjin Port Board is therefore of the view that Binhai New District will become the hub of the future economic development of Tianjin and that the above mentioned national policy will continue to boost the operation and the total throughput of cargo at the port of Tianjin, which in turn will benefit the port operations of the TPD Group.

2. Terms of the Equity Interest Transfer Agreement

2.1 Assets to be acquired

Pursuant to the Equity Interest Transfer Agreement, the Tianjin Port had conditionally agreed to acquire 40% equity interest in Tianjin Port Alliance from Tianjin Port Group, OOCL, PSA and APM, all Independent Third Parties and the existing shareholders of Tianjin Port Alliance, agreed to the Acquisition and had respectively renounced their first rights of refusal.

Tianjin Port Alliance is a sino-foreign equity joint venture established in the PRC on 30 March 2005. The current registered capital is US\$160 million (equivalent to approximately HK\$1,244 million). As at the date of the Equity Interest Transfer Agreement, the entire amount of the registered capital of Tianjin Port Alliance had been fully paid up. Immediately before Completion, Tianjin Port Alliance is beneficially owned as to 40% by Tianjin Port Group, 20% by OOCL, 20% by PSA and 20% by APM respectively. After Completion, Tianjin Port Alliance will then be owned as to 40% by Tianjin Port, 20% by OOCL, 20% by PSA and 20% by APM respectively.

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Tianjin Port Alliance is principally engaged in the investment and construction of container stacking yards and operation of related businesses; the loading and unloading of containers from vessels, trains and vehicles and other general cargoes; the export and import of containers and the storage and warehousing of other cargoes; international and domestic cargo agency services; assembling and disassembling of containers; and provision of logistic and management composite services for containers in the PRC.

At present, the board of Tianjin Port Alliance consists of 10 directors and Tianjin Port Group has nominated 4 directors to the board of Tianjin Port Alliance. Appropriate arrangements will be made upon and/or after Completion in relation to the appointment of 4 directors by Tianjin Port to the board of Tianjin Port Alliance.

Based on the financial information of Tianjin Port Alliance which were prepared in accordance with the Hong Kong Financial Reporting Standards (the “HKFRS”), the net asset value of Tianjin Port Alliance as at 30 April 2007 was approximately HK\$1,233 million.

Based on the financial information of Tianjin Port Alliance prepared under HKFRS, the loss before and after taxation for the period from 30 March 2005 (date of establishment) to 31 December 2005, the year ended 31 December 2006 and the four months ended 30 April 2007 are set out in the following table:

	(Audited) Period from 30 March 2005 (date of establishment) to 31 December 2005 <i>HK\$'000</i>	(Audited) Year ended 31 December 2006 <i>HK\$'000</i>	(Audited) Four months ended 30 April 2007 <i>HK\$'000</i>
Loss before taxation	3,231	12,086	46,526
Loss after taxation	3,231	12,086	46,526

2.2 Consideration

The consideration for the Acquisition was arrived at after arm’s length negotiations between Tianjin Port and Tianjin Port Group with reference to the adjusted net asset value of Tianjin Port Alliance of RMB1,311 million as at 30 April 2007 as contained in the valuation report issued by the Valuer. The assets of Tianjin Port Alliance were valued on a depreciated replacement cost basis (重置成本法) by reference to the purchase or construction costs of the assets at observable market prices on arm’s length terms, less any accumulated depreciation and accumulated impairment in value. The liabilities of Tianjin Port Alliance were valued on a basis by reference to the actual amount of liabilities to be assumed by Tianjin Port after the Acquisition.

Under the Equity Interest Transfer Agreement, the consideration for the Acquisition shall be payable in HK\$ or US\$ (calculated based on The People’s Bank of China base rate on the date of Completion) by Tianjin Port to Tianjin Port Group by way of wire transfer to the designated bank account of Tianjin Port Group within 10 working days from the date of Completion.

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In our analysis of the consideration of the Acquisition, we have noted a number of listed companies in Hong Kong on the Main Board of the Stock Exchange with certain parts of their operations being engaged in similar business as to Tianjin Port Alliance. However, these companies are basically conglomerates which also involved in other non-port related businesses. Accordingly, we are of the view that they should not be treated as directly comparable to Tianjin Port Alliance. Alternatively, we have identified a population of (i) 6 companies listed on the Stock Exchange and (ii) 10 companies listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New Zealand Exchange and the Philippines Stock Exchange as set out in the table below, which are not conglomerates, but are engaged solely or principally in similar business as Tianjin Port Alliance (together the “Comparables”) and we have, accordingly, compared their market statistics of the Comparables with the consideration for the Acquisition.

	Stock Exchange	Container Cargo Throughput (TEUs)	Closing price as at Latest Practicable Date HK\$	Historical earnings per share HK\$	Historical PER (Times)	Net assets per share ⁸ HK\$	Historical PBR (Times)
Hong Kong companies:							
China Merchant Holdings (International) Co., Ltd	HK	40,240,000	38.00	1.09	34.73	8.97	4.24
CIG Yangtze Ports PLC	HK	107,384	0.70	(0.04)	N/A	0.21	3.33
COSCO Pacific Ltd ¹	HK	32,791,713	19.72	1.02	19.25	7.62	2.59
Xiamen International Port Co., Ltd ²	HK	3,018,507	2.72	0.11	25.58	1.25 ⁹	2.17
Dalian Port (PDA) Co., Ltd ²	HK	3,146,000	5.40	0.25	21.79	1.89 ⁹	2.85
Tianjin Port	HK	2,490,000	5.42	0.20	27.10	1.68	3.23
Average					25.69		3.07
Outside Hong Kong companies:							
Associated British Port Holdings PLC ³	LSE	N/A	N/A	5.16	N/A	49.72	N/A
Chongqing Gangjiu Co., Ltd ²	SSE	268,397	13.81	0.15	89.80	3.47	3.98
International Container Terminal Services, Inc ⁵	PSE	1,198,875	5.04	0.20	24.94	1.27	3.96
Jinzhou Port Co., Ltd ¹	SSE	N/A	6.47	0.13	48.23	1.23	5.28
Lyttelton Port Company Ltd ⁴	NZX	187,400	13.90	0.57	24.39	7.97	1.74
Port of Tauranga Limited ⁴	NZX	423,138	39.54	1.35	29.31	18.74	2.11
Shanghai Port Container Co., Ltd ²	SSE	21,718,000	9.91	0.16	63.16	1.18	8.38
Shenzhen Chiwan Warf Holdings Ltd ²	SZSE	5,262,000	19.69	1.00	19.60	3.62	5.43
Tianjin Port Co., Ltd ²	SSE	2,898,000	29.08	0.37	78.22	3.14	9.26
Yingkou Port Liability Co., Ltd ²	SSE	N/A	N/A	0.65	N/A	5.58	N/A
Average					47.21		5.02
Minimum					19.25		1.74
Maximum					89.80		9.26
Tianjin Port Alliance⁶	HK	1,700,000 ¹⁰	N/A	N/A	N/A	N/A	1.09 ⁶ 1.00 ⁷

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Notes:

1. HK\$1.00 = USD0.1279
2. HK\$1.00 = RMB0.9685
3. HK\$1.00 = GBP0.0634
4. HK\$1.00 = NZD0.1720
5. HK\$1.00 = PHP5.8514
6. Based on the consideration of approximately RMB524.3 million (approximately HK\$535 million) and the net asset value of Tianjin Port Alliance of approximately HK\$1,232.6 million (approximately RMB1,207.9 million) as at 30 April 2007
7. Based on the consideration of approximately RMB524.3 million and the adjusted net asset value of Tianjin Port Alliance of approximately RMB1,311 million as at 30 April 2007 as contained in the valuation report issued by the Valuer
8. Based on the net asset value attributable to shareholders of the company, excluding minority interest
9. Total number of shares include domestic shares and H shares
10. Estimated annual capacity of container cargo throughput (TEU)

HK	=	The Stock Exchange of Hong Kong Limited
LSE	=	London Stock Exchange PLC
NZX	=	New Zealand Exchange Limited
PSE	=	The Philippine Stock Exchange, Inc.
SSE	=	The Shanghai Stock Exchange
SZSE	=	The Shenzhen Stock Exchange
PER	=	price-to-earnings ratio
PBR	=	price-to-book ratio

Source: Bloomberg and the latest annual reports of the Comparables

Compare with historical PER

Given that Tianjin Port Alliance commenced construction of its port operation in March 2005 and only commenced its trail operation in January 2007, Tianjin Port Alliance made a loss after taxation of approximately HK\$46.5 million for the four months ended 30 April 2007, we are of the view that it is not appropriate to use historical PER of the Comparables as a benchmark to justify the consideration under the Acquisition.

Compare with historical PBR

The historical PBR and the adjusted PBR of Tianjin Port Alliance of approximately 1.09 times and 1.00 time respectively also falls below the lowest range of the minimum and maximum of the PBR of the Comparables of 1.74 times to 9.26 times. The historical PBR and the adjusted PBR of Tianjin Port Alliance is lower than the average PBR of the Comparables for companies listed on the Stock Exchange of approximately 3.07 times and for companies listed outside Hong Kong of approximately 5.02 times.

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Given the consideration is based on the adjusted net asset value of the Tianjin Port Alliance as contained in the valuation report issued by the Valuer (which is a justifiable and reasonable benchmark as explained above for the consideration payable under the Acquisition), and the reasons for and benefits of the Acquisition set out in this letter, we are of the view that the consideration payable by the TPD Group under the Acquisition is fair and reasonable.

3. Expected financial impact on the Group as a result of the Acquisition

3.1 Total assets, total liabilities and net asset value

As at 31 December 2006, the consolidated total assets of the Group was approximately HK\$13,231.5 million. Since the consideration will be satisfied by internal resources of the TPD Group, there will be no effect to the consolidated total assets, total liabilities and consolidated net asset value of the Group upon completion of the Acquisition.

3.2 Earnings

Tianjin Port Alliance's loss after taxation amounted to approximately HK\$46.5 million for the four months ended 30 April 2007.

Although the outlook of the business operation of the port of Tianjin in the PRC is positive going forward as described in paragraph 1.4 above, the Tianjin Port Board considers that it would be too immature to make any prediction or forecast on the profitability of Tianjin Port Alliance. Consequently, we are not in a position to comment on the future financial performance of Tianjin Port Alliance.

3.3 Effects on the cash position/gearing of the Group

As stated in the "Letter from the Board", the consideration for the Acquisition will be satisfied by internal resources of the TPD Group. Hence, the "Cash and bank balances" classified under current assets of the consolidated balance sheet of the Group will decrease.

As the consideration will be settled by internal resources of the TPD Group, it is not expected to have any significant impact to the gearing ratio as result of the Acquisition.

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V. RECOMMENDATION

In considering the terms of the Acquisition, we have taken into account the following factors:

- the reasons for and benefits of the Acquisition as described in paragraph 1.3 above;
- the terms of the Equity Interest Transfer Agreement, in particular, with regard to the basis of the determining consideration payable for the Acquisition, which were arrived at following arm's length negotiations between relevant parties and by reference to an independent valuation of Tianjin Port Alliance as described in paragraph 2.2 above; and
- the expected financial effects to the Group as a result of the Acquisition as described in paragraph 3 above.

After having considered the above principal factors and based on the information provided and the representations made to us, we consider that the terms of the Equity Interest Transfer Agreement with respect to the Acquisition to be on normal commercial terms, entered into in the ordinary and usual course of business and fair and reasonable so far as the Independent Shareholders are concerned; and that the Equity Interest Transfer Agreement with respect to the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the relevant resolution which will be proposed at the EGM to approve the Acquisition under the terms of the Equity Interest Transfer Agreement.

Yours faithfully,

For and on behalf of

ACCESS CAPITAL LIMITED

Jeanny Leung

Managing Director

Jimmy Chung

Director, Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein (the "Register"); or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in underlying Shares of equity derivatives of the Company

The Company adopted a share option scheme as approved in an extraordinary general meeting on 22 November 1997 (which was terminated at the annual general meeting held on 25 May 2007) under which the Directors may, at their discretion, invite any employees or executive Directors of the Group to take up options to subscribe for Shares subject to the terms and conditions stipulated in the share option scheme. The details of share options granted to the Directors which are outstanding as at the Latest Practicable Date are as follows:

Name of Directors	No. of Shares over which options are exercisable	Exercise price	Grant date	Exercisable from	Exercisable until
Yu Rumin	900,000	HK\$3.1	23 December 2004	28 December 2004	21 November 2007
Nie Jiansheng	700,000	HK\$3.1	23 December 2004	28 December 2004	21 November 2007
Wang Jiandong	600,000	HK\$3.1	23 December 2004	28 December 2004	21 November 2007
Sun Zengyin	300,000	HK\$3.1	23 December 2004	28 December 2004	21 November 2007

As at the Latest Practicable Date, none of the Directors had exercised any share options in the Company.

(ii) Long position in shares of associated corporation of the Company*Tianjin Port*

Name of Directors	Capacity	Nature of interest	No. of shares held	Approximate percentage of shares in issued as at the Latest Practicable Date
Hu Chengli	Beneficial owner	Personal interest	100,000	0.006

(iii) Share options in associated corporations of the Company*(a) Tianjin Port*

Name of Directors	No. of shares over which options are exercisable	Exercise price	Grant date	Exercisable from	Exercisable until
Wang Guanghao	2,300,000	HK\$2.28	1 August 2006	1 February 2007	1 August 2016
Yu Rumin	1,900,000	HK\$2.74	3 February 2007	3 August 2007	3 February 2017
Nie Jiansheng	2,100,000	HK\$2.28	1 August 2006	1 February 2007	1 August 2016

(b) Dynasty Fine Wines Group Limited

Name of Directors	No. of shares over which options are exercisable	Exercise price	Grant date	Exercisable from	Exercisable until
Wang Guanghao	900,000	HK\$3.00	27 January 2005	17 August 2005	26 January 2015
Nie Jiansheng	1,950,000	HK\$3.00	27 January 2005	17 August 2005	26 January 2015
Bai Zhisheng	1,100,000	HK\$3.00	27 January 2005	17 August 2005	26 January 2015
	1,200,000	HK\$3.00	1 November 2006	22 May 2007	31 October 2016

As at the Latest Practicable Date, none of the Directors had exercised any share options in the above associated corporations of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company were interested, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the Register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital were as follows:

(a) Interests in the Company

Name of Shareholders	Capacity	No. of Shares/underlying Shares held	Approximate percentage of total issued Shares
Tsinlien (<i>Note</i>)	Interest of controlled corporations	538,189,143 (<i>Long Position</i>)	51.97%

Note: 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, held 536,167,143 Shares and 2,022,000 Shares respectively. Mr. Wang Guanghao acted as trustee of Tianjin Investment held 10 Shares. By virtue of the SFO, Tsinlien is taken to have interest in all the Shares held by Tianjin Investment and Tsinlien Venture.

As at the Latest Practicable Date, Mr. Wang Guanghao, Dr. Ren Xuefeng, Mr. Nie Jiansheng, Mr. Dai Yan, Mr. Hu Chengli and Mr. Zheng Daoquan are directors of Tsinlien.

(b) Interests in other members of the Group

Name of subsidiary of the Company	Name of the other shareholders	Approximate percentage of shareholding
Coastal Rapid Transit Company Limited	Starwell Holdings Limited	22.00%
Tianjin Jin Zheng Transportation Development Co., Ltd.	Tianjin Eastern Outer Ring Road Co., Ltd.	16.07%
Tianjin Mass Transit Development 2 Co., Ltd.	Tianjin Economic and Technological Development Investment Co., Ltd.	40.00%
Tianjin Mass Transit Development 3 Co., Ltd.	Tianjin Economic and Technological Development Investment Co., Ltd.	40.00%
Tianjin Mass Transit Development 4 Co., Ltd.	Tianjin Economic and Technological Development Investment Co., Ltd.	40.00%

Name of subsidiary of the Company	Name of the other shareholders	Approximate percentage of shareholding
Tianjin Mass Transit Development 5 Co., Ltd.	Tianjin Economic and Technological Development Investment Co., Ltd.	40.00%
Tianjin Mass Transit (Group) Development Co., Ltd.	Tianjin Economic and Technological Development Investment Co., Ltd.	40.00%
天津港保稅區長吳國際貿易有限公司 (Tianjin Port Tax Concession Zone Chang Hao International Trade Co., Ltd.)	天津開發區陸海貿易貨運有限公司	10.00%
Tianjin Gangkai Container Service Co., Ltd.	香港新凱企業有限公司 (Hong Kong Sun Hoi Enterprise Company Limited)	25.00%
Tianjin Tai Kang Industrial Co., Ltd.	Tianjin Tai Xin Industrial Co., Ltd.	17.26%
Tianjin Airfreight Port Equipment Manufacturing Company Limited	Civil Aviation University of China	10.47%
Tianjin Gangjin Real Estate Development Co., Ltd.	Tianjin Eastern Outer Ring Road Co., Ltd.	16.07%
天津港鑫集裝箱物流有限公司 (Tianjin Gangxin Container Logistics Co., Ltd.)	Gold Prime Holdings Limited (金得集團有限公司)	25.00%
天津港獅集裝箱服務有限公司 (Tianjin Gangshi Container Services Co., Ltd.)	(1) Singapore Pacific Shipping Company Limited (新加坡太平船務有限公司)	25.00%
	(2) Sinotrans Container Shipping Company Limited (中外運集裝箱運輸有限公司)	25.00%

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other person (other than Directors and chief executive of the Company) who had, or were deemed to have, interests or short positions in the Shares and underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Director has entered into any service contract with any member of the Group which is not terminable within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against the Company or any of its subsidiaries.

6. COMPETING INTEREST

Mr. Yu Rumin is the vice chairman and chief executive director of Tianjin Port Group, as well as the chairman and a director of Tianjin Port Limited, which is a subsidiary of Tianjin Port Group. Tianjin Port Group operates the businesses of handling containerised and non-containerised cargo through its various subsidiaries and associated companies, the businesses of which is competing with the businesses of Tianjin Port.

As the Board and the Tianjin Port Board are independent of the board of Tianjin Port Group (save for Mr. Yu, who is the vice chairman and chief executive director of Tianjin Port Group, is the only common director in both of these companies) and Mr. Yu has no control over the Board and the Tianjin Port Board, the Group is capable of carrying on its businesses independently of the businesses of Tianjin Port Group.

As at the Latest Practicable Date, save as disclosed above and in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) have any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. INTERESTS IN ASSETS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2006, being the date to which the latest published audited accounts of the Group were made up.

8. INTERESTS IN THE CONTRACTS OF THE COMPANY

Mr. Cheung Wing Yui, a non-executive Director, is a consultant of Woo, Kwan, Lee & Lo, the Company's legal advisers on Hong Kong law in relation to the Acquisition. Woo, Kwan, Lee & Lo will receive normal fees for professional services rendered in connection with such transaction.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006 (being the date to which the latest published audited financial statements of the Company were made up).

10. EXPERT

- (a) The following is the qualification of the expert who has given opinion or advice which is contained or referred to in this circular:

Name	Qualification
Access Capital	a licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

- (b) As at the Latest Practicable Date, Access Capital had no shareholding interest in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.
- (c) As at the Latest Practicable Date, Access Capital had no direct or indirect interests in any assets which had since 31 December 2006 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

- (d) Access Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name included in this circular in the form and context in which it appears. The letter from Access Capital is given as at the date of this circular for incorporation herein.

11. GENERAL

- (a) The registered office of the Company is at Suites 7-13, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (b) The company secretary and qualified accountant of the Company is Mr. Tsang Wai Yip, who holds a bachelor degree in accountancy and is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (c) The share registrar of the Company is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong whose address is the address of the transfer office of the Company.
- (d) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday, except public holidays, from the date of this circular up to and including 31 August 2007:

- (a) the Equity Interest Transfer Agreement; and
- (b) the letter from Access Capital, the text of which is set out in this circular.

NOTICE OF EXTRAORDINARY 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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Tianjin Development Holdings Limited (the “Company”) will be held at Gloucester Room, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Monday, 15 October 2007 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (i) the Equity Interest Transfer Agreement as defined and described in the circular of the Company dated 16 August 2007 (the “Circular”, a copy of which has been produced to the meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification), and all transactions contemplated thereunder and in connection therewith be and are hereby approved, confirmed and ratified; and
- (ii) any one director of the Company or any other person authorised by the board of directors of the Company from time to time be and is hereby authorised for and on behalf of the Company to execute all such other documents and agreements and do such acts or things as he or she may in his or her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement or give effect to the Equity Interest Transfer Agreement and the transactions contemplated thereunder or to be incidental to, ancillary to or in connection with the matters contemplated under the Equity Interest Transfer Agreement, including agreeing and making any modifications, amendments, waivers, variations or extensions of the Equity Interest Transfer Agreement and the transactions contemplated thereunder.”

By Order of the Board
Tianjin Development Holdings Limited
Wang Guanghao
Chairman

Hong Kong, 16 August 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) Any 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) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's share registrar, Tricor 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 the holding of the meeting (or any adjournment thereof, as the case may be).
- (3) The Ordinary Resolution as set out above will be determined by way of a poll.
- (4) 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.