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If you are in any 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 accountant or other professional adviser.

If you have sold or transferred all your shares in **Tianjin Development Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.



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)

**REVISION OF ANNUAL CAPS OF
AN EXISTING CONTINUING CONNECTED TRANSACTION AND
NEW CONTINUING CONNECTED TRANSACTION**

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

Access 
Capital

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee is set out on page 14 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 15 to 26 of this circular.

A notice convening an Extraordinary General Meeting of the Company to be held at East & West Room, 23rd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Friday, 30 May 2008 at 4:00 p.m. (or so soon after the annual general meeting of the Company to be held at the same place on the same date shall have been concluded or adjourned) is set out on pages 35 to 37 of this circular. A form of proxy for use by Shareholders at the Extraordinary General Meeting (or any adjournment thereof) is also enclosed. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, 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 Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjournment thereof should you so desire.

2 April 2008

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under 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 which is the indirect controlling shareholder of Tianjin Port
“connected person”	has the meaning given to it under the Listing Rules
“Directors”	the directors of the Company
“Existing Labour Services Framework Agreement”	a framework agreement dated 12 April 2007 entered into between Tianjin Port and Tianjin Port Labour in relation to the provision of labour services by Tianjin Port Labour to the TPD Group, details of which are set out in the Joint Announcement
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened on Friday, 30 May 2008 at 4:00 p.m. (or so soon after the annual general meeting of the Company to be held at the same place on the same date shall have been concluded or adjourned) at East & West Room, 23rd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong at which the ordinary resolutions will be proposed to approve the New Labour Services Framework Agreement, the Shenggang Labour Services Framework Agreement and the transactions contemplated thereunder and the respective revised annual caps and annual caps
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive directors of the Company, 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 New Labour Services Framework Agreement and the revised annual caps for the three years ending 31 December 2010 thereof and the Shenggang Labour Services Framework Agreement and the annual caps for the three years ending 31 December 2010 thereof

DEFINITIONS

“Independent Financial Adviser” or “Access Capital”	Access Capital Limited, being a corporation licensed 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, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement
“Independent Shareholders”	the Shareholders other than Tsinlien and its associates
“Joint Announcement”	the joint announcement of Tianjin Port and the Company dated 12 April 2007 in relation to certain continuing connected transactions
“Latest Practicable Date”	27 March 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Labour Services Framework Agreement”	a framework agreement dated 12 March 2008 entered into between Tianjin Port and Tianjin Port Labour in relation to the provision of labour services by Tianjin Port Labour to the TPD Group
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Shenggang Labour Services Framework Agreement”	a framework agreement dated 12 March 2008 entered into between Tianjin Port and Tianjin Shenggang Container in relation to the provision of labour services by Tianjin Shenggang Container to the TPD Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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 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 reorganised 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
“Tianjin Port Labour”	天津益港勞務有限責任公司 (Tianjin Port Labour Services Company Limited*), a company incorporated in the PRC and is owned as to 33% by Tianjin Port Group and 33% by the TPD Group upon completion of the acquisition of 33% equity interest in which by the TPD Group, further details are set out in the joint announcement of Tianjin Port and the Company dated 18 December 2007
“Tianjin Shenggang Container”	天津盛港集裝箱技術開發服務有限公司 (Tianjin ShengGang Container Technology Development & Services Co., Ltd.*), a company incorporated in the PRC and is owned as to 33% by Tianjin Port Group and 33% by the TPD Group
“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
“%”	per cent

* For identification purpose only

Unless otherwise stated, amounts in RMB have been translated into HK\$ at exchange rate of HK\$1.00 to RMB0.91 for illustration purposes only. No representation is made that any amounts in RMB 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.

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. Yu Rumin (*Acting Chairman*)
Mr. Wu Xuemin
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

2 April 2008

To the Shareholders

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS OF
AN EXISTING CONTINUING CONNECTED TRANSACTION AND
NEW CONTINUING CONNECTED TRANSACTION**

INTRODUCTION

On 12 April 2007, Tianjin Port and Tianjin Port Labour entered into the Existing Labour Services Framework Agreement in relation to the provision of labour services by Tianjin Port Labour to the TPD Group for a term commencing from 12 April 2007 and ending on 31 December 2009.

LETTER FROM THE BOARD

The Tianjin Port Board has been monitoring the Existing Labour Services Framework Agreement and in view of the acquisition of 33% equity interest in Tianjin Port Labour by the TPD Group (further details of which are set out in the joint announcement of Tianjin Port and the Company dated 18 December 2007), it is the TPD Group's strategy to replace other external labour service providers of bulk cargo business with Tianjin Port Labour in order to effectively control the cost, quality and supply of labour. Based on the internal forecasts of the demand and the operating conditions in respect of the Existing Labour Services Framework Agreement, the Tianjin Port Board noted that the existing caps of the Existing Labour Services Framework Agreement for the financial years ending 31 December 2008 and 2009 will not be sufficient for the TPD Group's current operational requirements, and therefore proposed that the existing caps for the Existing Labour Services Framework Agreement be revised by entering into the New Labour Services Framework Agreement on 12 March 2008 on exactly the same terms as the Existing Labour Services Framework Agreement.

On 12 March 2008, the Board and the Tianjin Port Board also announced that Tianjin Port and Tianjin Shenggang Container entered into the Shenggang Labour Services Framework Agreement in relation to the provision of labour services by Tianjin Shenggang Container to the TPD Group on 12 March 2008 for a term commencing from 12 March 2008 and ending on 31 December 2010.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further details of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the Extraordinary General Meeting.

REVISION OF ANNUAL CAPS OF AN EXISTING CONTINUING CONNECTED TRANSACTION

Reference is made to the Joint Announcement in relation to certain continuing connected transactions between the TPD Group and the Tianjin Port Group.

On 12 April 2007, Tianjin Port and Tianjin Port Labour entered into the Existing Labour Services Framework Agreement in relation to the provision of labour services by Tianjin Port Labour to the TPD Group for a term commencing from 12 April 2007 and ending on 31 December 2009. Tianjin Port Labour is principally engaged in the provision of labour of various positions in bulk cargo handling operation in the port of Tianjin, the PRC. Details of the Existing Labour Services Framework Agreement are more particularly set out in the Joint Announcement.

The Tianjin Port Board has been monitoring the Existing Labour Services Framework Agreement and in view of the acquisition of 33% equity interest in Tianjin Port Labour by the TPD Group (further details of which are set out in the joint announcement of Tianjin Port and the Company dated 18 December 2007), it is the TPD Group's strategy to replace other external labour service providers of bulk cargo business with Tianjin Port Labour in order to effectively control the cost, quality and supply of labour. Based on the internal

LETTER FROM THE BOARD

forecasts of the demand and the operating conditions in respect of the Existing Labour Services Framework Agreement, the Tianjin Port Board noted that the existing caps of the Existing Labour Services Framework Agreement for the financial years ending 31 December 2008 and 2009 will not be sufficient for the TPD Group's current operational requirements, and therefore proposed that the existing caps for the Existing Labour Services Framework Agreement be revised by entering into the New Labour Services Framework Agreement on 12 March 2008 on exactly the same terms as the Existing Labour Services Framework Agreement.

New Labour Services Framework Agreement

Date:	12 March 2008
Parties:	(1) Tianjin Port (2) Tianjin Port Labour
Term:	12 March 2008 to 31 December 2010 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of labour of various positions to perform various services by Tianjin Port Labour to the TPD Group's non-containerised cargo handling business.
Price determination:	The service fee is determined with reference to factors such as applicable PRC State prescribed price, positions and types of labour provided, market prices and standard wages rates (if any). Adjustment shall be made to the price if there are any changes in the PRC State prescribed prices.
Condition:	Each of the parties involved has obtained the respective necessary authorisation and approval required for the New Labour Services Framework Agreement, including but not limited to, having obtained the approval as required under the Listing Rules.

Save and except for the proposed revised annual caps, all the other terms and conditions of the New Labour Services Framework Agreement are the same as the Existing Labour Services Framework Agreement.

LETTER FROM THE BOARD

Existing Caps

The table below sets forth the existing caps for the Existing Labour Services Framework Agreement for the three financial years ending 31 December 2009:

Existing annual caps (in thousand) for the year ending 31 December		
2007	2008	2009
RMB4,900 (equivalent to approximately HK\$5,390)	RMB7,850 (equivalent to approximately HK\$8,630)	RMB9,030 (equivalent to approximately HK\$9,930)

Historical figures

For the year ended 31 December 2007, the TPD Group incurred RMB4,560,000 (equivalent to approximately HK\$5,020,000) under the Existing Labour Services Framework Agreement. The historical amount paid for the services provided by independent services providers for the year ended 31 December 2007 amounted to approximately RMB77,050,000 (equivalent to approximately HK\$84,670,000).

Proposed Revised Annual Caps

The table below sets forth the proposed revised annual caps for the New Labour Services Framework Agreement for the three financial years ending 31 December 2010:

Proposed revised annual caps (in thousand) for the year ending 31 December		
2008	2009	2010
RMB67,430 (equivalent to approximately HK\$74,100)	RMB71,710 (equivalent to approximately HK\$78,810)	RMB78,900 (equivalent to approximately HK\$86,710)

Bases of the Proposed Revised Annual Caps

The bases of the proposed revised annual caps for the New Labour Services Framework Agreement are as follows:

1. Tianjin Port's expectation on the increase of demand for labour from Tianjin Port Labour due to the TPD Group's strategy to replace other labour service providers of this kind with Tianjin Port Labour;
2. the previous transactions conducted and the historical transaction amounts; and
3. Tianjin Port's estimate on the increase in the rate of such service charge.

LETTER FROM THE BOARD

NEW CONTINUING CONNECTED TRANSACTION

On 12 March 2008, the Board and the Tianjin Port Board also announced that Tianjin Port and Tianjin Shenggang Container entered into the Shenggang Labour Services Framework Agreement in relation to the provision of labour services by Tianjin Shenggang Container to the TPD Group on 12 March 2008 for a term commencing from 12 March 2008 and ending on 31 December 2010.

Shenggang Labour Services Framework Agreement

Date:	12 March 2008
Parties:	(1) Tianjin Port (2) Tianjin Shenggang Container
Term:	12 March 2008 to 31 December 2010 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of labour of various positions to perform various services by Tianjin Shenggang Container to the TPD Group's containerised cargo handling business.
Price determination:	The service fee is determined with reference to factors such as applicable PRC State prescribed price, positions and types of labour provided, market prices and standard wages rates (if any). Adjustment shall be made to the price if there are any changes in the PRC State prescribed prices.
Condition:	Each of the parties involved has obtained the respective necessary authorisation and approval required for the Shenggang Labour Services Framework Agreement, including but not limited to, having obtained the approval as required under the Listing Rules.

Historical figures

As such labour services are entirely new transactions of Tianjin Port, no historical transaction amounts are available. The historical amount paid for the services provided by independent services providers for the year ended 31 December 2007 amounted to approximately RMB27,370,000 (equivalent to approximately HK\$30,080,000).

LETTER FROM THE BOARD

Proposed Annual Caps

The table below sets forth the proposed annual caps for the Shenggang Labour Services Framework Agreement for the three financial years ending 31 December 2010:

Proposed annual caps (in thousand) for the year ending 31 December		
2008	2009	2010
RMB31,370 (equivalent to approximately HK\$34,480)	RMB56,160 (equivalent to approximately HK\$61,720)	RMB79,190 (equivalent to approximately HK\$87,030)

Bases of the Proposed Annual Caps

The bases of the proposed annual caps for the Shenggang Labour Services Framework Agreement are as follows:

1. Tianjin Port's previous transaction amount on labour services of container handling business with the current service providers of this kind;
2. Tianjin Port's estimate on the increase in demand for the labour service due to increase in handling volume;
3. Tianjin Port's plan to transfer some existing staff and workers to newly established and acquired joint venture companies; and
4. Tianjin Port's estimate on the increase in the rate of such service charge.

Reasons for the entering into of the Shenggang Labour Services Framework Agreement

Tianjin Shenggang Container is one of the largest in terms of operation and one of the most reputable providers of labour of various levels for container handling business in the area. The Tianjin Port Board is of the view that given the extensive experience in container handling business of Tianjin Shenggang Container, Tianjin Shenggang Container can provide skilled and high-quality labour with necessary and extensive technical, operational and container handling skills to meet the TPD Group's growth in business as well as to accommodate the TPD Group's strategy on cost reduction.

In addition, the TPD Group currently holds 33% of Tianjin Shenggang Container and hence, the TPD Group is in a better position to secure quality services from Tianjin Shenggang Container.

LETTER FROM THE BOARD

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 the Company and Tianjin Port, the entering into of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement constitute continuing connected transactions for each of the Company and Tianjin Port.

As some of the applicable percentage ratios for the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement on an aggregated and annual basis exceed 2.5% and the aggregated annual consideration is more than HK\$10 million, the entering into of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement constitute non-exempt continuing connected transactions for both Tianjin Port and the Company under Rule 14A.35 of the Listing Rules and is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the approval of the Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at the Extraordinary General Meeting and the annual review requirements by the independent non-executive Directors and the auditors of the Company under Rules 14A.37 and 14A.38 of the Listing Rules.

The Company will re-comply with Rules 14A.35(3) and (4) of the Listing Rules if (i) the revised annual caps for the New Labour Services Framework Agreement is exceeded or when the New Labour Services Framework Agreement is renewed or there is a material change to the terms thereof; and (ii) the annual caps for the Shenggang Labour Services Framework Agreement is exceeded or when the Shenggang Labour Services Framework Agreement is renewed or there is a material change to the terms thereof.

REQUIREMENTS UNDER THE LISTING RULES

The Board (including the independent non-executive Directors) considers that the revised annual caps of the New Labour Services Framework Agreement and the annual caps of the Shenggang Labour Services Framework Agreement are on normal commercial terms and are fair and reasonable and are entered into in the usual and ordinary course of business of the TPD Group and that the entering into of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement are in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any shareholder and their associates with a material interest in the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement are required to abstain from voting on the resolutions at the Extraordinary General Meeting to be held to approve the same. Tsinlien and its associates are required to abstain from voting on the resolutions approving the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement at the Extraordinary General Meeting.

LETTER FROM THE BOARD

The Independent Board Committee had been established to advise the Independent Shareholders as to the terms of the New Labour Services Framework Agreement and the revised annual caps for the three years ending 31 December 2010 thereof as well as the Shenggang Labour Services Framework Agreement and the annual caps for the three years ending 31 December 2010 thereof.

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 New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement.

GENERAL

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.

The principal operations of the Company and its subsidiaries (excluding the TPD Group) and its associated companies can be categorised into three sectors, namely, (i) infrastructure operations; (ii) utilities operations and (iii) strategic and other investments. Infrastructure operations consist of toll road operations; utilities operations consist of supply of water, electricity and thermal power; and strategic and other investments include investments in the production, sale and distribution of winery products, gas fuel operations, elevator and escalator operations and income-producing hotels and hospitality-related properties.

Tianjin Port Group is the holding company of the businesses owned and operated by the former Tianjin Port Authority.

EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at East & West Room, 23rd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Friday, 30 May 2008 at 4:00 p.m. (or so soon after the annual general meeting of the Company to be held at the same place on the same date shall have been concluded or adjourned) is set out on pages 35 to 37 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions set out therein.

Tsinlien, being the controlling Shareholder, and its associates were interested in approximately 51.97% of the issued share capital of the Company as at the Latest Practicable Date, and will abstain from voting in respect of the resolutions for approval of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement at the Extraordinary General Meeting. Save for Tsinlien and its associates, no Shareholder has any interest in the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement.

LETTER FROM THE BOARD

Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, 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 Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjournment thereof should you so desire.

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 authorised 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.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee, the text of which is set out on page 14 of this circular; and (ii) the letter of advice from Access Capital, the text of which is set out on pages 15 to 26 of this circular.

The Independent Board Committee, having taken into account the advice of Access Capital, considers that the New Labour Services Framework Agreement, the Shenggang Labour Services Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and were entered into in the ordinary and usual course of business and the terms thereof were fair and reasonable and were in the best interests of the Company and its shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve the New Labour Services

LETTER FROM THE BOARD

Framework Agreement, the Shenggang Labour Services Framework Agreement and the transactions contemplated thereunder and the proposed respective revised annual caps and annual caps.

FURTHER INFORMATION

Your attention is also drawn to the general information set out in the appendix of this circular.

Yours faithfully,
By Order of the Board
Tianjin Development Holdings Limited
Yu Rumin
Acting Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



天津发展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

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

(Stock Code: 882)

2 April 2008

To the Independent Shareholders

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS OF
AN EXISTING CONTINUING CONNECTED TRANSACTION AND
NEW CONTINUING CONNECTED TRANSACTION**

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in connection with the entering into of the New Labour Services Framework Agreement, the Shenggang Labour Services Framework Agreement and the respective transactions contemplated thereunder, details of which are set out in the “Letter from the Board” in the circular dated 2 April 2008 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as given to them in the Circular unless the context otherwise requires.

Your attention is also drawn to the “Letter from Access Capital” containing its advice to us regarding the New Labour Services Framework Agreement and the proposed revised annual caps for the three years ending 31 December 2010 thereof as well as the Shenggang Labour Services Framework Agreement and the proposed annual caps for the three years ending 31 December 2010 thereof as set out on pages 15 to 26 of this Circular.

Having considered the advice given by Access Capital, and the principal factors and reasons taken into consideration by them in arriving at its advice, we are of the opinion that the New Labour Services Framework Agreement, the Shenggang Labour Services Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and were entered into in the ordinary and usual course of business and the terms thereof were fair and reasonable and were in the best interests of the Company and its shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve the New Labour Services Framework Agreement, the Shenggang Labour Services Framework Agreement and the transactions contemplated thereunder and the proposed respective revised annual caps and annual caps.

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 prepared for the purpose of incorporation in this circular.



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

2 April 2008

To: The Independent Board Committee and the Independent Shareholders of Tianjin Development Holdings Limited

Dear Sirs,

REVISION OF ANNUAL CAPS OF AN EXISTING CONTINUING CONNECTED TRANSACTION AND NEW CONTINUING CONNECTED TRANSACTION

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 (i) New Labour Services Framework Agreement; (ii) Shenggang Labour Services Framework Agreement (together the “Framework Agreements”); (iii) the transactions contemplated under the Framework Agreements (“Continuing Connected Transactions”); and (iv) the annual caps for the Continuing Connected Transactions for the three years ending 31 December 2010. Details of the Framework Agreements and the annual caps for the Continuing Connected Transactions are contained in the “Letter from the Board” of the circular to the Shareholders dated 2 April 2008 (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.

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 Framework Agreements constitute continuing connected transactions for each of the Company and Tianjin Port.

As some of the applicable percentage ratios for the Continuing Connected Transactions on an aggregate and annual basis exceed 2.5% and the aggregated annual consideration is more than HK\$10 million, the entering into of the Framework Agreements constitute non-exempt continuing connected transactions for the Company under Rule

LETTER FROM ACCESS CAPITAL

14A.35 of the Listing Rules, and is subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the approval of the Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at a general meeting, and the annual review requirements by independent non-executive directors and the auditors of the Company under Rules 14A.37 and 14A.38 of the Listing Rules.

As at the Latest Practicable Date, Tsinlien, being the controlling Shareholder, and its associates are interested in approximately 51.97% of the issued share capital of the Company, will abstain from voting in the Extraordinary General Meeting to be convened for the approval of the Continuing Connected Transactions and the relevant cap amounts.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of eleven executive Directors, namely Mr. Yu Rumin, Mr. Wu Xuemin, 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 (i) the terms of the Continuing Connected Transactions and (ii) the annual caps for the three years ending 31 December 2010 on the Continuing Connected Transactions.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Continuing Connected Transactions (together with the respective cap amounts) were agreed on normal commercial terms 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 Continuing Connected Transactions (together with the respective cap amounts) for their consideration when making their recommendation to the Independent Shareholders.

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

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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 Company 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. Information on TPD Group

The TPD Group is principally engaged in the provision of port 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. The following consolidated financial results of Tianjin Port for each of the two years ended 31 December 2006 and six months period ended 30 June 2007 are extracted from its 2006 annual report and 2007 interim report respectively.

	For the year ended 31 December		For the six months period ended 30 June
	2005	2006	2007
	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	898,223	1,036,495	572,418
Profit for the year/period	147,765	304,273	117,985

According to the interim report of Tianjin Port for the six months ended 30 June 2007 (“Interim Period”), TPD Group’s satisfactory results was attributable to China’s rapid economic development and TPD Group’s organic growth of existing capacity in cargo handling. TPD Group’s container handling business showed a 15.3% growth in throughput volume for the Interim Period (as set out below the table under the paragraph headed “Historical container throughput for the port of Tianjin). This growth was the result of the compelling growth at the port of Tianjin during the first half of 2007 and TPD Group’s effort to increase handling efficiency. The average unit

price increased by 6.9% per TEU (the short form of “Twenty-foot Equivalent Unit”, a measure to which container vessel capacity and port throughput capacity are frequently referred) compared to the average unit price in 2006. The change was primarily driven by the increase in the ratio of outbound to inbound boxes and appreciation of RMB during the period. The Tianjin Port Board estimated that TPD Group’s market share in container handling business in the port of Tianjin for the Interim Period was about 40%.

For the non-containerised cargo handling business, the Tianjin Port Board considered that TPD Group is the one of the largest single bulk cargo companies (in terms of berthing capacity) at the port of Tianjin. According to the Tianjin Port Board, TPD Group’s non-containerised cargo handling business recorded an increase of 3.3% in revenue despite a decrease in throughput volume during the Interim Period as compared to the same period of last year. This was explained by TPD Group’s change of product mix with an attempt to improve its profitability. Currently, the principal types of non-containerised cargoes handled by TPD Group are steel, grains and other general cargoes.

In light of the vibrant growth of the Chinese economy and the expected increase in handling capacity to be brought about by building new terminals and enhancement of existing terminals, the Tianjin Port Board anticipated organic throughput growth of the container handling business to maintain double-digit growth through 2009. On the non-containerised cargo business side, TPD Group will continue to improve the product structure with an aim to achieve higher per tonne unit price and larger profit margins.

2. Historical container throughput for the port of Tianjin

We have reviewed the historical container throughput volume growth for the port of Tianjin. In 2006, the total throughput for the port of Tianjin recorded a year-on-year growth of 8.0%, reaching 258 million tonnes, and ranked the largest port in the Bohai Rim. In terms of container handling, in 2006, the total throughput was 5.95 million TEUs, an increase of 24% as compared to 2005 and continues to be the fastest growing port in the Bohai Rim. According to a publication issued by the Water Transportation Division of the Ministry of Communications (交通部水運司) in PRC in September 2007, the total throughput for the port of Tianjin for the first half of 2007 was 184 million tonnes, representing an increase of 22.9% over the same period in 2006 ranking the fourth largest port in the PRC.

Historical container throughput volume of TPD Group is shown in the following table:

Year/period	2003	2004	2005	2006	6/2006	6/2007
Container (<i>thousand TEUs</i>)	1,491	1,808	2,050	2,490	1,173	1,353
Non-container (<i>million tonnes</i>)	15.2	18.7	18.3	16.6	8.1	6.5

Reference is also made to the economic development plan for the PRC economy for the period from 2006 to 2010 which was passed by the PRC National People's Congress on 14 March 2006 (the "11th Five Year Plan"), under which the Binhai New District was being included in the PRC's development strategies and was designated as the third pole of the PRC's economic growth. Alongside Shenzhen and Shanghai, the port of Tianjin is to be developed into an international shipping hub and a logistics centre for northern China. The 11th Five Year 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 vessel and the container throughputs will reach 12 million TEUs by 2010. At the same time, the 11th Five Year Plan will also accelerate the enhancement of the transportation networks connecting Tianjin to its hinterland, which includes plans for the construction of new railroads and highways. The 11th Five Year Plan is expected to enhance GDP and trade values growth in the region and subsequently spur further throughput growth in the port area.

3. Revision of annual caps to the Existing Labour Services Framework Agreement by entering into the New Labour Services Framework Agreement

3.1 Background to the Existing Labour Services Framework Agreement

On 12 April 2007, Tianjin Port and Tianjin Port Labour entered into the Existing Labour Services Framework Agreement in relation to the provision of labour services by Tianjin Port Labour to TPD Group for a term commencing from 12 April 2007 and ending on 31 December 2009. Tianjin Port Labour is principally engaged in the provision of labour of various positions in bulk cargo handling operation in the port of Tianjin, the PRC. The Tianjin Port Board considered that Tianjin Port Labour can provide skilled and high quality labour with necessary and extensive technical, operational and cargo handling skills to meet TPD Group's growth in business as well as to accommodate TPD Group's strategy on cost reduction. Details of the Existing Labour Services Framework Agreement are more particularly set out in the Joint Announcement.

3.2 Reasons for entering into the New Labour Services Framework Agreement

Tianjin Port has been monitoring the Existing Labour Services Framework Agreement and in view of the acquisition of 33% equity interest in Tianjin Port Labour by TPD Group (further details of which are set out in the joint announcement of the Company and Tianjin Port dated 18 December 2007), it is TPD Group's strategy to replace other external labour service providers of bulk cargo business with Tianjin Port Labour in order to effectively control the cost, quality and supply of labour.

Based on the internal forecasts of the demand and the operating conditions in respect of the Existing Labour Services Framework Agreement, the Tianjin Port Board noted that the existing caps of the Existing Labour Services Framework Agreement for the financial years ending 31 December 2008 and 2009, details of which are set out below under the heading "Bases of proposed revised annual

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caps”, will not be sufficient for TPD Group’s current operational requirements. Tianjin Port therefore proposed that the existing caps for the Existing Labour Services Framework Agreement be revised by entering into the New Labour Services Framework Agreement on 12 March 2008 on exactly the same terms as the Existing Labour Services Framework Agreement.

3.3 Key terms of the New Labour Services Framework Agreement

The terms of the New Labour Services Framework Agreement are exactly the same as the Existing Labour Services Framework Agreement, save and except for the proposed revised annual caps:

- the New Labour Services Framework Agreement was entered into between Tianjin Port and Tianjin Port Labour;
- provision of labour of various positions to perform various services by Tianjin Port Labour to TPD Group’s non-containerised cargo handling business;
- the New Labour Services Framework Agreement has a fixed term from the date of the agreement (i.e. 12 March 2008) to 31 December 2010; and
- the basis of the prices for the labour services to be provided by Tianjin Port Labour is determined with reference to factors such as applicable PRC State prescribed price, positions and types of labour provided, market prices and standard wages rates (if any).

3.4 Existing annual caps

The table below sets forth the existing annual caps under the Existing Labour Services Framework Agreement for the three financial years ending 31 December 2009:

	Existing caps for the year ending 31 December		
	2007	2008	2009
	<i>RMB4,900,000</i>	<i>RMB7,850,000</i>	<i>RMB9,030,000</i>
	<i>(equivalent to</i>	<i>(equivalent to</i>	<i>(equivalent to</i>
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
	<i>HK\$5,390,000)</i>	<i>HK\$8,630,000)</i>	<i>HK\$9,930,000)</i>
Year-on-year			
growth rate	N/A <i>(Note 1)</i>	60.2% <i>(Note 2)</i>	15.0%

Note 1: For the period from date of approval by the Independent Shareholders i.e. 25 May 2007 on the annual caps to 31 December 2007.

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Note 2: Transactions under the Existing Labour Services Framework Agreement commenced upon approval from the Independent Shareholders. The annual cap for 2007 was not calculated on an annualized basis.

3.5 Proposed revised annual caps under the New Labour Services Framework Agreement

The table below sets forth the proposed revised annual caps under the New Labour Services Framework Agreement for the three financial years ending 31 December 2010:

	Proposed revised annual caps for the year ending 31 December		
	2008	2009	2010
	<i>RMB67,430,000</i>	<i>RMB71,710,000</i>	<i>RMB78,900,000</i>
	<i>(equivalent to</i>	<i>(equivalent to</i>	<i>(equivalent to</i>
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
	<i>HK\$74,100,000)</i>	<i>HK\$78,810,000)</i>	<i>HK\$86,710,000)</i>
Year-on-year growth rate	N/A	6.3%	10.0%

3.5.1 Bases of proposed revised annual caps

As stated in the “Letter from the Board”, the proposed revised annual caps for the transactions under the New Labour Services Framework Agreement are based on Tianjin Port’s:

1. expectation on the increase of demand for labour from Tianjin Port Labour due to TPD Group’s strategy to replace other labour service providers of this kind with Tianjin Port Labour;
2. previous transactions conducted and the historical transaction amounts; and
3. estimate on the increase in the rate of such service charge.

According to Tianjin Port, Tianjin Port Labour started to provide labour services to TPD Group’s non-containerised cargo handling business in July 2007 upon approval of the Existing Labour Services Framework Agreement by the Independent Shareholders. Most of the labour services on TPD Group’s non-containerised cargo handling business were provided by independent services providers during 2007. As set out in the Letter from the Board, transactions under the Existing Labour Services Framework Agreement for the year ended 31 December 2007 amounted to approximately RMB4,560,000 (approximately HK\$5,020,000) representing approximately 93.1% of the existing annual cap for the financial year ended 31 December 2007 for the Existing Labour Services Framework Agreement.

When estimating the increase in the rate of service charges, Tianjin Port had made reference to the expected annual salary increment, new types of services to be required by TPD Group as a result of change of product mix, inflation rate and effect of the new Labour Law (中華人民共和國勞動合同法) in the PRC which became effective on 1 January 2008.

Based on the internal schedule provided by Tianjin Port, we noted that the revised caps were estimated with reference to the historical amount of services provided by independent services providers and the anticipated increase in the rate of service charges in coming years. Based on the information provided by Tianjin Port, the historical amount paid for the services provided by independent services providers for the year ended 31 December 2007 amounted to RMB77,050,000 (equivalent to approximately HK\$84,670,000) (“Independent Services Amount”). Tianjin Port intends to transfer all the services currently provided by independent services providers and are under the scope of business of Tianjin Port Labour to Tianjin Port Labour in 2008. This explains the significant increase in the proposed revised cap for 2008. The cap for 2008 is proposed to be revised from RMB7,850,000 under the Existing Labour Services Framework Agreement to RMB67,430,000 under the New Labour Services Framework Agreement. The proposed revised cap amount for 2008 is lower than the Independent Services Amount as services which are outside the scope of business of Tianjin Port Labour will continue to be handled by independent services providers.

We have discussed with the management of Tianjin Port on the basis of the anticipated increase in rate of service charges and have made reference to the new Labour Law as well as the indicative prices for similar type of labour services as set out in 天津市勞動市場工資指導價位企業人工成本情況 2007 issued by 天津市勞動和社會保障局 (Tianjin Labor Bureau and Employment Contract Relationships Department) (“Indicative Prices”). Tianjin Port has taken into account the following requirements under the new Labour Law including, but not limited to, (i) similar labour rates on similar type of services; (ii) social securities contribution made by the employers for their employees; (iii) overtime payments; and (iv) compensation and severance pays. Given all these, Tianjin Port will incur additional labour cost under the new Labour Law. In order to be in line with current market situation, Tianjin Port has made reference to the Indicative Prices when estimating the anticipated increase in rate of services. We noted that the estimated rate of services is in line with the Indicative Prices. The proposed revised caps will have a year-on-year growth of 6.3% and 10% for 2009 and 2010 respectively.

3.5.2 Our view

Taking into account (i) the bases for the proposed revised caps as mentioned above, in particular, the proposed caps are to meet TPD Group’s strategy in transferring the labour services from independent services

providers to Tianjin Port Labour for the purposes of cost reduction and quality services; and (ii) the favourable prospective market environment and increasing throughput volume for the port of Tianjin, we are of the view that the revised annual caps under the New Labour Service Framework Agreement are justifiable and fair and reasonable.

4. The New Continuing Connected Transaction

4.1 Background to the New Continuing Connected Transaction

On 12 March 2008, Tianjin Port has entered into the Shenggang Labour Services Framework Agreement with Tianjin Shenggang Container for the provision of labour services by Tianjin Shenggang Container to TPD Group's containerised cargo handling business. Details of the Shenggang Labour Services Framework Agreement are set out in the "Letter from the Board".

4.2 Reasons for entering into of the Shenggang Labour Services Framework Agreement

As stated in the "Letter from the Board", Tianjin Shenggang Container is one of the largest in terms of operation and one of the most reputable providers of labour of various levels for container handling business in the area. The Tianjin Port Board is of the view that given the extensive experience in container handling business of Tianjin Shenggang Container, Tianjin Shenggang Container can provide skilled and high-quality labour with necessary and extensive technical, operational and container handling skills to meet TPD Group's growth in business as well as to accommodate TPD Group's strategy on cost reduction.

In addition, TPD Group currently holds 33% of Tianjin Shenggang Container and hence, the TPD Group is in a better position to secure quality services from Tianjin Shenggang Container.

4.3 Key terms of the Shenggang Labour Services Framework Agreement

- the Shenggang Labour Services Framework Agreement was entered into between Tianjin Port and Tianjin Shenggang Container;
- it has a fixed term from the date of the agreement (i.e. 12 March 2008) to 31 December 2010; and
- the service fee is determined with reference to factors such as applicable PRC State prescribed price, positions and types of labour provided, market prices and standard wages rates (if any).

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4.4 Proposed annual caps

The table below sets forth the proposed annual caps under the Shenggang Labour Services Framework Agreement for the three financial years ending 31 December 2010.

	Proposed annual caps for the year ending 31 December		
	2008	2009	2010
	<i>RMB31,370,000</i>	<i>RMB56,160,000</i>	<i>RMB79,190,000</i>
	<i>(equivalent to</i>	<i>(equivalent to</i>	<i>(equivalent to</i>
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
	<i>HK\$34,480,000)</i>	<i>HK\$61,720,000)</i>	<i>HK\$87,030,000)</i>
Year-on-year growth rate	N/A	79.0%	41.0%

4.5 Bases of the proposed annual caps for the Shenggang Labour Services Framework Agreement

As stated in the “Letter from the Board”, the proposed annual caps for the Shenggang Labour Services Framework Agreement are based on Tianjin Port’s:

1. previous transaction amount on labour services of container handling business with the current service providers of this kind;
2. estimate on the increase in demand for the labour service due to increase in handling volume;
3. plan to transfer some existing staff and workers to newly established and acquired joint venture companies; and
4. estimate on the increase in the rate of such service charge.

As the services to be provided by Tianjin Shenggang Container are entirely new transactions of Tianjin Port, there were no historical transaction amounts available. The Board considers that the transactions contemplated under the Shenggang Labour Services Framework Agreement are fair and reasonable, on normal commercial terms, are entered into in the usual and ordinary course of business of the TPD Group and are in the interests of the Company and the Shareholders as a whole.

Based on the internal schedule provided by Tianjin Port, we noted that part of the services currently provided by independent services providers will be transferred to Tianjin Shenggang Container in 2008. Based on the information provided by Tianjin Port, the historical amount paid for the services provided by independent services providers for the year ended 31 December 2007 amounted to RMB27,370,000 (equivalent to approximately HK\$30,080,000). We understand

from the management of Tianjin Port that by 2009, it is intended that all labour services for containerised cargo handling will be provided by Tianjin Shenggang Container. This explained the substantial increase of 79% on the proposed cap for 2009 over that of 2008. The increase is also due to the fact that Tianjin Port plans to transfer some existing staff and workers to newly established and acquired joint venture companies. This will benefit TPD Group by reducing the number of new recruits and expediting the ramp up process of the new terminals. As most of the staff and workers of Tianjin Port will be transferred during 2008, the demand for labour services from Tianjin Shenggang Container is expected to increase substantially during the period. When estimating the increase in the rate of service charges, Tianjin Port had made reference to the expected annual salary increment, inflation rate and effect of the new Labour Law in the PRC which became effective on 1 January 2008.

We have discussed with the management of Tianjin Port on the bases used on anticipated increase in rate of service charges and have made reference to the new Labour Law as well as the indicative prices as set out in 天津市勞動市場工資指導價位企業人工成本情況 2007 issued by 天津市勞動和社會保障局 (Tianjin Labor Bureau and Employment Contract Relationships Department).

We understand that the services to be provided by Tianjin Shenggang Container will be on TPD Group's containerised cargo handling business. As stated in the interim report of Tianjin Port for the six months ended 30 June 2007, TPD Group's container handling business showed 15.3% growth in throughput during the Interim Period. Tianjin Port anticipated a 15% growth in throughput volume for each of 2009 and 2010 when it estimated the proposed annual caps for the Shenggang Labour Services Framework Agreement. In light of the expected increase in handling capacity as a result of TPD Group's enhancement of existing terminals, buildings of new terminals and strategic cooperation with joint venture partners as well as the optimistic outlook on the development of the port of Tianjin as supported by the 11th Five Year Plan of the PRC government, we consider the growth rate used by Tianjin Port on its estimate of the increase in handling volume reasonable.

4.6 Our view

Given (i) the transactions contemplated under the Shenggang Labour Services Framework Agreement are entered into in the ordinary and usual course of business of TPD Group and on a frequent and regular basis; (ii) by entering into the Shenggang Labour Services Framework Agreement, TPD Group can secure quality labour supply and a better cost control which is in line with Tianjin Port's stated strategy; and (iii) the prices under the Shenggang Labour Services Framework Agreement are determined with reference to prices prescribed by the PRC State or the market price (as the case may be), accordingly, we concur with the view of the Board that the entering into of the Shenggang Labour

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Services Framework Agreement is in the ordinary and usual course of business of TPD Group and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Taking into account the bases for the proposed annual caps as mentioned under the heading “Bases of the proposed annual caps for the Shenggang Labour Services Framework Agreement” above; and the favorable market environment and throughput volume for TPD Group as mentioned under the heading “Historical container throughput for the port of Tianjin” above, we are of the view that the proposed annual caps under the Shenggang Labour Services Framework Agreement are justifiable and fair and reasonable.

V. RECOMMENDATION

After having considered the above principal factors, namely (i) the background to and reasons for the Continuing Connected Transactions; (ii) the terms of the New Labour Services Framework Agreement, the Shenggang Labour Services Framework Agreement and the transactions contemplated thereunder; and (iii) the proposed cap amounts for the Continuing Connected Transactions, we are of the view that the terms of the New Labour Services Framework Agreement, the Shenggang Labour Services Framework Agreement and the transactions contemplated thereunder (together with the respective cap amounts) are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the New Labour Services Framework Agreement, the Shenggang Labour Services Framework Agreement and the proposed respective cap amounts to be proposed at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
ACCESS CAPITAL LIMITED
Jimmy Chung
Principal Director

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 the omission of which would make any statement herein misleading.

2. DISCLOSURE OF 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 were required (i) 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) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules, were as follows:

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

The Company adopted a share option scheme at the annual general meeting held on 25 May 2007 under which the Directors may, at their discretion, invite any employees or 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	1,000,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Nie Jiansheng	900,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Dai Yan	900,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Hu Chengli	900,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Wang Jiandong	600,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Bai Zhisheng	300,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Zhang Wenli	300,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Sun Zengyin	300,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Zong Guoying	300,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Zheng Daoquan	900,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Cheung Wing Yui	500,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Kwong Che Keung, Gordon	500,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Lau Wai Kit	500,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017
Cheng Hon Kwan	500,000	HK\$8.04	19 December 2007	17 January 2008	24 May 2017

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 corporations of the Company

(a) Tianjin Port

Name of Director	Capacity	Nature of interest	No. of shares held	Approximate percentage of shares in issue
Wu Xuemin	Interest of spouse	Family interest	10,000	0.0006

(b) Dynasty Fine Wines Group Limited

Name of Director	Capacity	Nature of interest	No. of shares held	Approximate percentage of shares in issue
Wang Jiandong	Beneficial owner	Personal interest	36,000	0.003

(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
Yu Rumin	1,900,000	HK\$2.74	3 February 2007	3 August 2007	3 February 2017
	400,000	HK\$4.24	25 January 2008	25 July 2008	24 January 2018
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 Director	No. of shares over which options are exercisable	Exercise price	Grant date	Exercisable from	Exercisable until
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, 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 were required (i) 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) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or deemed to have, interests or short positions in the Shares and underlying Shares 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 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 an 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 issued share capital of the Company
Tsinlien (<i>Note 2</i>)	Interest of controlled corporations	538,189,143 (L)	51.97
T. Rowe Price Associates, Inc. and its Affiliates	Investment manager	51,996,000 (L)	5.02
JP Morgan Chase & Co.	Custodian corporation/ approved lending agent	60,602,000 (L)	5.85
		60,602,000 (P)	5.85
Citigroup Inc.	Interest of controlled corporations/Custodian corporation/approved lending agent	51,741,904 (L)	5.00
		40,610,000 (S)	3.92
		11,129,800 (P)	1.07

Notes:

- The letter “L” stands for the shareholder’s long position in Shares. The letter “S” stands for the shareholder’s short position in Shares. The letter “P” stands for lending pool.
- 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. 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. Wu Xuemin, 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 subsidiaries of the Company	Name of the other shareholders	Approximate percentage of issued share capital or registered capital of the subsidiaries
Tianjin Jin Zheng Transportation Development Co., Ltd.	Tianjin Eastern Outer Ring Road Co., Ltd.	16.07
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
天津港凱集裝箱服務有限公司 (Tianjin Gangkai Container Service Co., Ltd.)*	Sun Victory Enterprises Limited	25.00
Tianjin Tai Kang Industrial Co., Ltd.	Tianjin Machinery & Electric Industry Holding Group Company	17.26
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	25.00
天津港獅集裝箱服務有限公司 (Tianjin Gangshi Container Service Co., Ltd.)*	(1) Singapore Pacific Shipping Company Limited (新加坡太平船務有限公司)	25.00
	(2) 中外運集裝箱運輸有限公司 (Sinotrans ContainerShipping Company Limited)*	20.00
天津港海豐保稅物流有限公司 (Tianjin Port Haifeng Bonded Logistics Co., Ltd.)*	Mapletree Tianjin Free Port Development (HKSAR) Limited	49.00

* English names of the above PRC entities are only direct translations of their respective official Chinese names. In case of inconsistency, the Chinese names shall prevail.

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, none of the Directors had entered into, or was proposing to enter into, any service contract with any member of the Group which did not expire or was not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

Mr. Yu Rumin, the chairman and a director of Tianjin Port Group, is the chairman and a director of 天津港股份有限公司 (Tianjin Port Holdings Co., Ltd*), which is a subsidiary of Tianjin Port Group. Tianjin Port Group operates businesses of handling containerised and non-containerised cargoes through its various subsidiaries and associated companies, the businesses of which is competing with businesses of Tianjin Port.

As the board of the Company is independent of the board of Tianjin Port Group (save for Mr. Yu, who is the chairman and a director of Tianjin Port Group, is the only common director in both of these companies) and Mr. Yu has no control over the board of the Company, 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 had any interest in a business which competes or is likely to compete with the business of the Group.

6. CONSENT

Access Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or reference to its name 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.

7. MATERIAL ADVERSE CHANGE

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

8. QUALIFICATION OF EXPERT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Access Capital	a corporation licensed 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

As at the Latest Practicable Date, Access Capital did not have any holding, directly or indirectly, of any securities in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities of any member of the Group.

As at the Latest Practicable Date, Access Capital did not have any direct or indirect interests in any assets which since 31 December 2006 (being the date of which the latest published audited consolidated financial statements of the Group were made up) had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group.

9. INTEREST IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which since 31 December 2006 (being the date of which the latest published audited consolidated financial statements of the Group were made up) had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group.

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 continuing connected transactions. Woo, Kwan, Lee & Lo will receive normal fees for professional services rendered in connection with such transaction.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement entered into between any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of Group.

10. GENERAL

Unless specified otherwise, the English text of this circular shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Existing Labour Services Framework Agreement, the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement will be available for inspection during normal business hours on any weekday (except public holidays) at the office of Messrs. Woo, Kwan, Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours, up to and including 30 May 2008.

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 East & West Room, 23rd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Friday, 30 May 2008 at 4:00 p.m. (or so soon after the annual general meeting of the Company to be held at the same place on the same date shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) a framework agreement dated 12 March 2008 entered into between Tianjin Port Development Holdings Limited (“Tianjin Port”) and 天津益港勞務有限公司 (Tianjin Port Labour Services Company Limited*) (“Tianjin Port Labour”) in relation to the provision of labour services by Tianjin Port Labour to Tianjin Port and its subsidiaries (the “New Labour Services Framework Agreement”, a copy of which has been produced to this meeting and marked “A” and signed by the chairman of the meeting (the “Chairman”) for the purpose of identification and as described in the circular of the Company dated 2 April 2008 of which the notice convening this meeting forms part, a copy of which has been produced to this meeting and marked “B” and signed by the Chairman for the purpose of identification, the “Circular”) and the transactions contemplated thereunder and in connection therewith, be and are hereby approved, confirmed and ratified; and
- (b) the proposed revised annual caps as set out in the Circular in relation to the New Labour Services Framework Agreement for the three years ending 31 December 2010 be and are hereby approved;

and 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 may in his absolute discretion consider to be necessary, desirable, appropriate or expedient to implement or give effect to the New Labour Services Framework Agreement and the transactions contemplated thereunder and the revised annual caps in relation to the New Labour Services Framework Agreement for the three years ending 31 December 2010 or to be incidental to, ancillary to or in connection with the matters contemplated under

NOTICE OF EXTRAORDINARY GENERAL MEETING

the New Labour Services Framework Agreement and such revised annual caps, including agreeing and making any modifications, amendments, waivers, variations or extensions of the New Labour Services Framework Agreement and the transactions contemplated thereunder and the revised annual caps in relation to the New Labour Services Framework Agreement for the three years ending 31 December 2010.”

2. **“THAT:**

- (a) a framework agreement dated 12 March 2008 entered into between Tianjin Port Development Holdings Limited (“Tianjin Port”) and 天津盛港集裝箱技術開發服務有限公司 (Tianjin ShengGang Container Technology Development & Services Co., Ltd.*) (“Tianjin Shenggang Container”) in relation to the provision of labour services by Tianjin Shenggang Container to Tianjin Port and its subsidiaries (the “Shenggang Labour Services Framework Agreement”, a copy of which has been produced to this meeting and marked “C” and signed by the chairman of the meeting for the purpose of identification) as described in the Circular (as defined in Ordinary Resolution No.1 above) and the transactions contemplated thereunder and in connection therewith, be and are hereby approved, confirmed and ratified; and
- (b) the proposed annual caps as set out in the Circular in relation to the Shenggang Labour Services Framework Agreement for the three years ending 31 December 2010 be and are hereby approved;

and 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 may in his absolute discretion consider to be necessary, desirable, appropriate or expedient to implement or give effect to the Shenggang Labour Services Framework Agreement and the transactions contemplated thereunder and the annual caps in relation to the Shenggang Labour Services Framework Agreement for the three years ending 31 December 2010 or to be incidental to, ancillary to or in connection with the matters contemplated under the Shenggang Labour Services Framework Agreement and such annual caps, including agreeing and making any modifications, amendments, waivers, variations or extensions of the Shenggang Labour Services Framework Agreement and the transactions contemplated thereunder and the annual caps in relation to the Shenggang Labour Services Framework Agreement for the three years ending 31 December 2010.”

By Order of the Board
Tianjin Development Holdings Limited
Yu Rumin
Acting Chairman

Hong Kong, 2 April 2008

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 share registrar of the Company, 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 resolutions as set out above will be determined by way of poll.
- (4) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
- (5) As at the date of this notice, the board of directors of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, 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; 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.

* *For identification purpose only*