THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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)

MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF INTEREST IN A SUBSIDIARY

INDEPENDENT FINANCIAL ADVISER
TO THE INDEPENDENT BOARD COMMITTEE
AND THE INDEPENDENT SHAREHOLDERS

Access Capital

A letter from the Board is set out on pages 3 to 9 of this circular.

A letter from the Independent Board Committee is set out on page 10 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 11 to 19 of this circular.

28 September 2010

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

"Access Capital"	Access Capital Limited, 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 Disposal;
"Agreement"	the agreement dated 23 August 2010 entered into between Wintel Knight and Eastern Outer Ring Road Company in respect of the Disposal;
"associate(s)"	has the meaning ascribed thereto under the Listing Rules;
"Board"	the board of Directors;
"Company"	Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules;
"Directors"	the directors of the Company;
"Disposal"	the disposal of 83.9308% equity interest in Jinzheng by Wintel Knight to Eastern Outer Ring Road Company pursuant to the terms and conditions in the Agreement;
"Eastern Outer Ring Road Company"	Tianjin Eastern Outer Ring Road Co., Ltd. (天津市外環東路有限公司), a State-owned limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Road Bureau of the Tianjin Municipality (天津市市政公路管理局);
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administration Region of the PRC;
"Independent Board Committee"	the committee of independent non-executive Directors, consisting of Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing and Ms. Ng Yi Kum, Estella formed to advise the Independent Shareholders in respect of the Disposal, the Agreement and the transactions contemplated thereunder;
"Independent Shareholders"	all the Shareholders as no Shareholder is required to abstain from voting in relation to the approval of the Disposal;

"independent third party(ies)"	person(s) not being connected person(s) of the Company;
"Jinzheng"	天津津政交通發展有限公司 (Tianjin Jinzheng Transportation Development Company Limited*), a sino-foreign cooperative joint venture incorporated in the PRC which is owned as to 83.9308% by Wintel Knight and 16.0692% by Eastern Outer Ring Road Company;
"Latest Practicable Date"	24 September 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	the People's Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this circular;
"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;
"Shareholder(s)"	holder(s) of the ordinary share(s) of the Company;
"Stock Exchange"	the Stock Exchange of Hong Kong Limited;
"Tianjin SASAC"	State-owned Assets Supervision and Administration Commission of Tianjin Municipal Government;
"Tsinlien"	Tsinlien Group Company Limited, a substantial Shareholder which is interested in approximately 54.05% of the issued share capital of the Company;
"Valuer" or "Jinxin"	Tianjin Huaxia Jinxin Assets Valuation Company Limited* (天津華夏金信資產評估有限公司), an independent third party and a valuer firm with asset valuation qualification in the PRC;
"Wintel Knight"	Wintel Knight Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company;
"%"	per cent.

* *For identification purpose only*

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 *(Chairman)*
Mr. Wu Xuemin *(General Manager)*
Mr. Dai Yan
Mr. Zheng Daoquan
Dr. Wang Jiandong
Mr. Bai Zhisheng
Mr. Zhang Wenli
Mr. Sun Zengyin
Dr. Gong Jing
Mr. Wang Zhiyong

Non-executive directors:
Mr. Cheung Wing Yui
Dr. Eliza Chan Ching Har

Independent non-executive directors:
Dr. Cheng Hon Kwan
Mr. Mak Kwai Wing
Ms. Ng Yi Kum, Estella

Registered office:
Suites 3607–13
36/F, China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

28 September 2010

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION DISPOSAL OF INTEREST IN A SUBSIDIARY

INTRODUCTION

Reference is made to the announcement of the Company dated 23 August 2010 in relation to the Disposal.

The purpose of this circular is, inter alia, (i) to provide you with further information relating to the Disposal, the Agreement and the transactions contemplated thereunder; and (ii) to set out the opinions and recommendations of the Independent Board Committee and Access Capital.

THE DISPOSAL

On 23 August 2010, Wintel Knight, a wholly-owned subsidiary of the Company, and Eastern Outer Ring Road Company entered into the Agreement pursuant to which Wintel Knight agreed to sell all its 83.9308% equity interest in Jinzheng to Eastern Outer Ring Road Company at a consideration of RMB1,198,992,520, subject to the terms and conditions of the Agreement. Upon completion of the Disposal, Jinzheng will cease to be a subsidiary of the Company and the Company will cease to have any interest in Jinzheng.

THE AGREEMENT

Date

23 August 2010

Parties

(1) Vendor: Wintel Knight, a wholly-owned subsidiary of the Company

(2) Purchaser: Eastern Outer Ring Road Company

Information on Jinzheng

Jinzheng is a sino-foreign cooperative joint venture incorporated in the PRC with limited liability and has a registered capital of RMB735,706,200. Jinzheng is owned as to 83.9308% by Wintel Knight and 16.0692% by Eastern Outer Ring Road Company. Jinzheng is principally engaged in operating the Eastern Outer Ring Road in Tianjin, the PRC.

In accordance with the generally accepted accounting principles in Hong Kong, the (losses)/profits before and after taxation of Jinzheng for the years ended 31 December 2008 and 31 December 2009 are set out in the following table:

	Year ended 31 December 2009 *HKD'000*	**Year ended 31 December 2008** *HKD'000*
(Loss)/profit before taxation	(545,919)	60,882
(Loss)/profit after taxation	(552,205)	48,574

The net asset value of Jinzheng was approximately RMB1,442 million as at 31 December 2009. On 30 August 2010, dividend payable of RMB100 million was settled by Jinzheng to Wintel Knight, accordingly the net book value of the Company's interest in Jinzheng as at the Latest Practicable Date will decrease by the same to approximately RMB1,110 million excluding the result of Jinzheng for the period from 1 January 2010 to the Latest Practicable Date. According to the valuation report prepared by the Valuer based on cost method for the purpose of the Disposal, the net asset value of Jinzheng was approximately RMB1,428 million as at 31 December 2009.

Consideration

The consideration for the Disposal is RMB1,198,992,520 which has been arrived at after arm's length negotiations between the parties with reference to the fair value of the 83.9308% equity interest in Jinzheng as at 31 December 2009 as per the valuation report mentioned above.

The consideration shall be paid in full by cash by Eastern Outer Ring Road Company to Wintel Knight within 5 business days (or such other date as the parties may agree but in any event should not be over 6 months after completion) after completion of the Disposal.

Conditions and Completion

Completion of the Disposal shall be conditional upon the following conditions unless otherwise waived by written consent of the parties:

(i) the valuation of state-owned asset relating to the Disposal has been completed and approved by Tianjin SASAC;

(ii) Tianjin SASAC has approved the Disposal;

(iii) other relevant PRC government authority has approved the Disposal;

(iv) the relevant business license has been issued by the business registration authority or the business registration procedure of Jinzheng has been commenced;

(v) the Company has fulfilled the relevant disclosure requirements and/or the passing of necessary resolution(s) by the independent shareholders at a general meeting of the Company approving the Disposal pursuant to the Listing Rules and/or made all relevant announcement disclosures; and

(vi) the board of directors and/or shareholders of Wintel Knight has/have approved the Disposal pursuant to the relevant legal requirements and/or the articles of association of Wintel Knight.

If any of the conditions have not been satisfied or otherwise waived by mutual written consent of the parties by 31 December 2010, the parties shall then negotiate to come up with proposals which shall be in writing, otherwise the Agreement shall terminate and both parties shall not be in breach of the Agreement.

Other Term(s)

The Agreement shall only become effective after the same shall be approved by Tianjin SASAC and other relevant PRC government authorities.

APPROVAL FROM TIANJIN SASAC

On 1 September 2010, Tianjin SASAC has issued a written approval that the Disposal can be implemented by and in accordance with the terms of the Agreement.

THE REASONS FOR AND BENEFITS OF THE DISPOSAL

On 18 December 2008, the State Council in the PRC promulgated the "Notice on Implementing Reforms on Prices of Refined Products and Tax" (Guo Fa No: [2008] 37) for the establishment of an improved pricing mechanism of finished oil and standardization of traffic tax rates policy. In order to conform to such national policy, the Tianjin Road Construction and Vehicle Passing Levy Office promulgated the "Notice of Suspension of Levy on Tianjin Road Construction and Vehicle Passing Fee" on 31 December 2009 which took effect on 1 January 2010 and since then, Jinzheng has not received any toll revenue and will not receive any in the future.

In view of the above, exit from the toll-road operations is an apparently logical choice of the Company and the Disposal would be in the best interest of the Company and the Shareholders.

The Directors are of the view that the Disposal could enhance the Company's competitiveness and will result in the following benefits:

(a) the Company will utilize the proceeds from the Disposal to invest other potential business with prosperous growth;

(b) through the Disposal, the Company will have more resources to re-establish its core business with a view to enhancing competitiveness; and

(c) by focusing on acquiring good assets, the Company will have even stronger balance sheet than before.

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Use of proceeds from the Disposal

The Company intends to use the sale proceeds for acquiring other business with potential growth prospectus. At the moment, no specific target is identified yet.

FINANCIAL EFFECTS OF THE DISPOSAL

Earnings

Upon completion of the Disposal, the Company is expected to recognize an estimated gain of approximately HK$318 million being the sum of (a) the consideration of the Disposal less the total of: (i) the net book value of the Company's equity interest in Jinzheng as at the completion date; (ii) expenses incurred from the Disposal; (iii) any taxes relating to the Disposal; and (b) the exchange reserve to be released from deconsolidation of the Company's equity interest in Jinzheng as at the date of completion of the Disposal. The actual amount of the gain on the Disposal will depend on the actual book value of the Company's interest in Jinzheng and exchange reserve to be released upon completion of the Disposal.

Although Jinzheng has not received any toll revenue from Eastern Outer Ring Road in Tianjin since 1 January 2010, the Company continued to bear its maintenance cost and as a result, the toll-road operations recorded a loss. The Group will not share any losses from Jinzheng upon completion of the Disposal.

Assets and liabilities

Upon completion of the Disposal, Jinzheng will cease to be a subsidiary of the Company and its financial result will not be consolidated into the Group's consolidated financial statements. Accordingly based on the unaudited financial position of Jinzheng as at 30 June 2010 and the possible movement of Jinzheng's net assets value prior to the completion of the Disposal to estimate the impact on balance sheet of the Group, the total assets of the Group will be decreased; the total liabilities of the Group will be decreased slightly; and the net assets value of the Group will be decreased slightly thereafter.

GENERAL

The principal activity of the Company is investment holding. The Group is principally engaged in (i) utilities operations including supply of water, electricity and heat and thermal power; (ii) commercial properties, basically hotel operations; and (iii) strategic and other investments including investments in associates of the Group, principally engaged in the production, sale and distribution of winery products, elevators and escalators and provision of port services.

The principal activity of Eastern Outer Ring Road Company is operating the Outer Ring Road in Tianjin, the PRC.

As no Director has a material interest in the Disposal, none of them were required to abstain from voting on the board resolution.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is conditional upon approval by Shareholders.

As at the Latest Practicable Date, Eastern Outer Ring Road Company is holding approximately 16.0692% equity interest in Jinzheng and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Under Rule 14A.43 of the Listing Rules, independent shareholders' approval for the Disposal may be obtained by written Independent Shareholders' approval without the need of convening a general meeting if (i) no Independent Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (ii) written approval has been obtained from one or a closely allied group of shareholders who together hold more than 50% in nominal value of the issued share capital of the Company having the right to attend and vote at general meetings.

Shareholders' approval

As at the Latest Practicable Date, Tsinlien, a substantial Shareholder holding 576,945,143 shares of the Company (representing approximately 54.05% of the issued share capital of the Company), has given its written approval for the Disposal pursuant to Rule 14A.43 of the Listing Rules. Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal, the Agreement and the transactions contemplated thereunder, the Company has been granted by the Stock Exchange a waiver pursuant to Rule 14A.43 of the Listing Rules under which written independent shareholders' approval for the Disposal may be accepted in lieu of holding a general meeting.

The Board considers that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and it would recommend the Independent Shareholders to vote in favour of the resolution approving the Disposal, the Agreement and the transactions contemplated thereunder if an extraordinary general meeting of the Company was to be convened.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee has been formed to advise the Independent Shareholders on whether the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole. Access Capital has been appointed by the Company as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Disposal, the Agreement and the transactions contemplated thereunder.

Your attention is drawn to (i) the letter from the Independent Board Committee dated 28 September 2010 set out on page 10 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Disposal; and (ii) the letter from Access Capital dated 28 September 2010 as set out on pages 11 to 19 of this circular which contains the recommendation from Access Capital to the Independent Board Committee and the Independent Shareholders in relation to the the Disposal and the principal factors and reasons considered by Access Capital in arriving at its recommendation.

Having taken into account the factors and reasons considered by, and the opinion of Access Capital as stated in its letter, the Independent Board Committee considers that the transactions under the Disposal are conducted on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information in respect of the Company set out in the Appendices I, II and III to this circular.

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

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)

28 September 2010

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION DISPOSAL OF INTEREST IN A SUBSIDIARY

We refer to the circular of the Company to the Shareholders dated 28 September 2010 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, terms used in this letter will have the same meanings as given to them in the section headed "Definitions" of the Circular.

We have been established by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Disposal are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We wish to draw your attention to the letter from Access Capital as set out on pages 11 to 19 of the Circular and the letter from the Board as set out on pages 3 to 9 of the Circular.

Having taken into account the factors and reasons considered by, and the opinion of Access Capital as stated in its letter, we consider that the transactions pursuant to the Disposal are conducted on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
The Independent Board Committee
Tianjin Development Holdings Limited

Cheng Hon Kwan **Mak Kwai Wing** **Ng Yi Kum, Estella**

Independent Non-executive Directors

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 Disposal and the transactions contemplated thereunder prepared for the purpose of incorporation in this circular.

Access Capital

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

28 September 2010

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

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF INTEREST IN A SUBSIDIARY

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the "Letter from the Board") contained in the circular dated 28 September 2010 issued by the Company to the Shareholders (the "Circular"), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 23 August 2010, Wintel Knight, a wholly-owned subsidiary of the Company, and Eastern Outer Ring Road Company entered into the Agreement, pursuant to which Wintel Knight agreed to sell all its 83.9308% equity interest in Jinzheng to Eastern Outer Ring Road Company at a consideration of RMB1,198,992,520.

Since the applicable percentage ratios in accordance with Rule 14.07 of the Listing Rules exceed 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is conditional upon approval by the Shareholders. As at the Latest Practicable Date, Eastern Outer Ring Road Company, being the purchaser of the Disposal, held approximately 16.0692% of the equity interest in Jinzheng and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since no Shareholder is interested in the Disposal, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. The Company has obtained written approval of the Disposal from Tsinlien which held approximately 54.05% of the issued share capital of the Company as at the Latest Practicable Date. The Company has obtained from the Stock Exchange a waiver pursuant to Rule 14A.43 of the Listing Rules from its obligation to convene a general meeting for the purpose of Independent Shareholders' approval for the Disposal.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of fifteen Directors, namely Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Zheng Daoquan, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Dr. Gong Jing and Mr. Wang Zhiyong as executive Directors; Mr. Cheung Wing Yui and Dr. Eliza Chan Ching Har as non-executive Directors; and Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing and Ms. Ng Yi Kum, Estella as independent non-executive Directors.

The Independent Board Committee comprises all independent non-executive Directors, namely, Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing and Ms. Ng Yi Kum, Estella, has been formed to advise the Independent Shareholders as to (i) whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Disposal is in the interests of the Company and the Shareholders as whole.

We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Disposal for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders.

III. BASIS OF OUR OPINION

In formulating our opinion, we have relied solely on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Group and/or its management staff (the "Management") and/or the Directors. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and all information and representations which have been provided by the Group and/or the Management and/or the Directors, for which it is/they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so at the date hereof. We have no reason to believe that any information or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We consider that we have reviewed sufficient information to enable us to form a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any form of in-depth investigation into the business and affairs of the Company and its subsidiaries or the prospects of the markets in which they operate.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE DISPOSAL

In arriving at our opinion, we have taken into consideration the following principal factors and reasons:

1. Principal activities and financial information of the Group

The Group is principally engaged in (i) utilities operations including supply of water, electricity and heat and thermal power; (ii) commercial properties, basically hotel operations; and (iii) strategic and other investments including investments in associates of the Group, principally engaged in the production, sale and distribution of winery products, elevators and escalators and provision of port services.

Set out below is a summary of financial highlights of the Group for the two years ended 31 December 2009, as extracted from the annual report of the Company for the financial year ended 31 December 2009 ("Annual Report 2009") and the interim report of the Company for the six months ended 30 June 2010 ("Interim Report 2010").

Table A: Financial highlights of the Group

	For the six months ended 30 June	For the year ended 31 December	
	2010	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)
Revenue from continuing operations	1,632,587	2,841,186	2,566,847
Profit for the year/period from continuing operations	939,940	425,453	442,412
Profit/(loss) from			
— Operation of toll roads	(3,599)	(598,760)	46,261
Profit/(loss) for the year/period	936,341	(221,017)	619,293
Assets held for sale			
— Operation of toll roads	1,899,294	1,949,344	2,376,166
Total assets	13,909,136	16,286,254	14,871,516
Liabilities directly associated with assets classified as held for sale			
— Operation of toll roads	(92,786)	(154,708)	(152,399)
Total liabilities	(3,843,125)	(5,509,908)	(4,170,989)
Total equity	10,066,011	10,776,346	10,700,527

For the year ended 31 December 2009, the revenue of the Group's continuing operations i.e. supply of utilities and operation of commercial properties, was approximately HK$2,841 million, representing an increase of 10.7% over the previous year. The increase in revenue was driven by the growth in the Group's utility operations in particular the additional demand from new industrial customers for the Group's steam and heating services. After taking into account the share of profits/(losses) of associates and jointly controlled entities, the Group's profit for the year from continuing operations was approximately HK$425.5 million (2008: approximately HK$442.4 million).

Attributable to the impairment losses incurred for the Eastern Outer Ring Road (the "EORR") operating right of approximately HK$603.9 million (2008: nil) and the loss from the port services of approximately HK$47.7 million (2008: profit of approximately HK$130.6 million), the Group incurred a loss of approximately HK$221.0 million for the year ended 31 December 2009 (2008: profit of approximately HK$619.3 million).

For the six months ended 30 June 2010 ("Interim Period"), revenue of the Group's continuing operations was approximately HK$1,633 million, representing an increase of approximately 18.1% over that of same period in 2009. The Company benefited from a stronger demand for its supplies of utilities in particular, the electricity operation. Attributable to the one-off gain on deemed disposal of interest in Tianjin Port Development Holdings Limited ("TPD", previously a 67.33% subsidiary of the Company) of approximately HK$620.1 million, profit for the Interim Period from continuing operations increased by approximately 265.0% to approximately HK$939.9 million. Profit for the Group for the Interim Period was approximately HK$936.3 million representing an increase of approximately 246.2% over that of same period in 2009.

Table B: Operation of toll road segment

	For the six months ended 30 June	For the year ended 31 December	
	2010	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)
Revenue	—	129,453	127,905
Operating profit	(2,082)	57,955	60,882
Impairment losses on			
— Toll road operating right	—	(603,874)	—
— Interest in Jinbin Expressway	—	(44,834)	—
Profit/(loss) for the period	(3,599)	(598,760)	46,261

Revenue from the Group's toll road operations increased by 1.2% to approximately HK$129.5 million for the year ended 31 December 2009. It was due to the 1% increase in traffic flow of EORR. The segment suffered from a loss of HK$598.8 million for the year ended 31 December 2009, as compared to a profit of HK$46.3 million in the previous year. The significant deterioration in the segment profit was due to the accrual of impairment losses on toll operating right of EORR (approximately HK$603.9 million), totalling approximately HK$648.7 million. The impairment was made by making reference to the discussion of disposal prices in principle with the relevant PRC government authorities for the year ended 31 December 2009.

Since the "Notice of Suspension of Levy on Tianjin Road Construction and Vehicle Passing Fee" took effect on 1 January 2010, the Company did not receive any toll income from EORR (same period in 2009: approximately HK$57.5 million). On the other hand, the Company continued to bear the maintenance cost of EORR and as a result, the toll road operations recorded a loss of approximately HK$3.6 million (same period in 2009: profit of approximately HK$28.7 million).

2. Information on Jinzheng

As set out in the Letter from the Board, Jinzheng is a sino-foreign cooperative joint venture incorporated in the PRC with limited liability and is owned as to 83.9308% by Wintel Knight and 16.0692% by Eastern Outer Ring Road Company. Jinzheng is principally engaged in operating the EORR in Tianjin, the PRC.

According to the information provided by the Company, the loss before taxation and after taxation of Jinzheng for the year ended 31 December 2009 were approximately HK$545.9 million and HK$552.2 million respectively, as compared to the profit before taxation and after taxation of approximately HK$60.9 million and HK$48.6 million respectively for the financial year ended 31 December 2008. The significant drop in profit of Jinzheng was due to the impairment loss of approximately

HK$603.9 million on the toll road operating right of EORR. The net asset value of Jinzheng was approximately RMB1,442 million as at 31 December 2009. As set out in the Letter from the Board, on 30 August 2010, Wintel Knight received settlement of dividend payable of RMB100 million from Jinzheng. The net book value of the Company's 83.9308% interest in Jinzheng as at the Latest Practicable Date would decrease by the same to approximately RMB1,110 million before accounting for the result of Jinzheng for the period from 1 January 2010 to the Latest Practicable Date.

3. Reasons for the Disposal and use of proceeds

The State Council of the PRC promulgated the "Notice on Implementing Reforms on Prices of Refined Products and Tax" for the improvement of pricing mechanism of finished oil and standardization of traffic tax rates policy. It also specified that toll-collection for all government indebted Class 2 highways would be gradually abolished. To conform to the national policy, the Tianjin Road Construction and Vehicle Passing Levy Office promulgated the "Notice of Suspension of Levy on Tianjin Road Construction and Vehicle Passing Fee" on 31 December 2009, which requested that toll-collection for all government indebted Class 2 highways in Tianjin would be cancelled effective from 1 January 2010.

Currently, the Group has investments in three toll roads including (i) 83.93% in EORR, through its equity interest in Jinzheng; (ii) 24% in Jinbin Expressway, through its equity interest in an associate namely Golden Horse Resources Limited; and (iii) 6.62% in Tang Jin Expressway, through its equity interest in a joint venture in the PRC. According to the Management, prior to the end of 2008, they had resolved to dispose of the Group's interest in Jinzheng. However, the proposed disposal was delayed due to unexpected prolonged negotiation with the relevant parties. On 31 March 2010, the Company received the following instruction from the Tianjin municipal government "Response to the application on the treatment of the equity interests in the Eastern Outer Ring Road and the Jinbin Expressway" (Jinzhengbanhan [2010] No. 13) in respect of the Group's holding and participation in EORR and the Jinbin Expressway:

— EORR: Tianjin municipal government shall coordinate the relevant company for acquisition of 83.93% equity interest in EORR held by the Group.

— Jinbin Expressway: Tianjin municipal government shall arrange the relevant party for the refund of the Group's original investment.

According to the Management, if the Group continues to hold the equity interest in EORR through Jinzheng, it will continue to bear its share of the maintenance cost of the EORR despite there will not be any revenue to be generated from it under the current government policy.

In view of the above and Jinzheng has not received any toll revenue from EORR since 1 January 2010, the Company has arrived at consensus with the other PRC shareholder of Jinzheng on the basis for the disposal of EORR and entered into the Agreement which sets out the terms and conditions of the Disposal.

As stated in the Letter from the Board, exit from the toll road operations is a logical move and the Disposal would be in the best interest of the Company and the Shareholders. The Directors are also of the view that the Company (i) will be able to invest the proceeds from the Disposal on other businesses with prosperous growth potential; (ii) will have more resources to re-establish its core business with a view to enhancing its competitiveness; and (iii) will strengthen its balance sheet by acquiring quality assets.

The Company intends to use the sale proceeds from the Disposal for acquiring other business with potential growth prospect when opportunities arise. However, the Company has not yet identified any specific target.

In view of the recent PRC government policy on toll road operations as mentioned above, we concur with the Management that (i) the Disposal is a logical step to allow the Company to exit from the operation of the EORR which will not generate any revenue under the current government policy, and (ii) the proceeds from the Disposal will provide resources for the Company's other investments. In this regard, we consider that the Disposal is in the interest of the Company and Shareholders as a whole.

4. Principal terms of the Agreement

4.1 Assets to be disposed

The Group's 83.9308% equity interest in Jinzheng (the "Disposed Assets").

4.2 Consideration

The consideration for the Disposal (the "Consideration") is RMB1,198,992,520 and shall be fully settled in cash. According to the Management, the Consideration was determined after arm's length negotiations between Wintel Knight and Eastern Outer Ring Road Company with reference to the fair value of the 83.9308% equity interest in Jinzheng as at 31 December 2009 as per the valuation report (the "Valuation Report") prepared by the Valuer, an independent third party. As set out in the Valuation Report, the net asset value of Jinzheng was approximately RMB1,428,548,900 as at 31 December 2009 (the "Valuation"), which was arrived at by adopting the cost approach. The Valuer has considered other valuation methodologies such as the income approach and market approach. Given that Jinzheng will not derive any revenue from EORR in the future under the current government policy and no comparable transactions had been identified in the market, the Valuer considered that the income approach and the market approach would not be appropriate for the valuation of the fair value of Jinzheng. Based on this and our review of the assumptions taken by the Valuer as set out in the Valuation Report, we consider that the basis for the Valuation is fair and reasonable.

Based on the Valuation, the fair value of the Disposed Assets was approximately RMB1,198,992,520. The Consideration is equivalent to the fair value of the Disposed Assets as calculated with reference to the Valuation.

4.3 Conditions of the Agreement

Details of the terms and conditions of the Agreement are set out in the Letter from the Board. According to the terms of the Agreement, the Agreement shall only become effective after the approval by Tianjin SASAC and other relevant PRC government authorities has been obtained. On 1 September 2010, Tianjin SASAC issued a written approval that the Disposal can be implemented by and in accordance with the terms of the Agreement.

Given the Consideration is equivalent to the fair value of the Disposed Assets based on the Valuation, which was performed by an independent third party, we consider that the terms of the Disposal is fair and reasonable so far as the Independent Shareholders are concerned.

5. Possible financial effects of the Disposal to the Group

5.1 Earnings

For the year ended 31 December 2009, Jinzheng had a loss after tax of approximately HK$552.2 million. Upon completion of the Disposal (the "Completion"), Jinzheng will cease to be a subsidiary of the Company and its results will not be consolidated into the consolidated income statement of the Group.

Upon completion of the Disposal, the Company is expected to recognize an estimated gain of approximately HK$318 million being the sum of (a) the Consideration less the total of: (i) the net book value of the Company's equity interest in Jinzheng as at the date of completion of the Disposal; (ii) expenses incurred from the Disposal; (iii) any taxes relating to the Disposal; and (b) exchange reserve to be released from deconsolidation of the Company's equity interest in Jinzheng as at the date of the completion of the Disposal. The actual amount of the gain on the Disposal will depend on the actual book value of the Group's interest in Jinzheng and exchange reserve to be released upon completion of the Disposal.

5.2 Net asset value

According to the information provided by the Company, the net asset value of Jinzheng was approximately RMB1,442 million as at 31 December 2009. Upon completion of the Disposal, all assets and liabilities of Jinzheng will not be consolidated into the Group.

5.3 Working capital

As set out in the Annual Report 2009, as at 31 December 2009, the Group had cash and cash deposits of approximately HK$3,662 million of which approximately HK$149.9 million was under the toll road operations. According to the Interim Report 2010, as at 30 June 2010, the Group had cash and cash deposits of approximately HK$3,151.4 million of which approximately HK$266.7 million was under the toll road operations. Upon completion of the Disposal, the Group will receive the Consideration in cash of approximately RMB1,198.9 million and the cash and cash equivalents of Jinzheng will not be consolidated into the Group.

V. RECOMMENDATION

The Disposal is a strategic corporate action of the Group, which is not in the usual and ordinary course of business of the Company. Having considered the above principal factors, we are of the view that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Group and the Shareholders as a whole. Therefore, we would advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed to approve the Disposal and the transactions contemplated thereunder if a physical Shareholders' meeting was to be held.

Yours faithfully,
For and on behalf of
Access Capital Limited

Ambrose Lam — *Principal Director*
Jimmy Chung — *Principal Director*

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2010, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding unsecured bank borrowings of approximately HK$2,105.6 million which comprised of unsecured short term bank loans of HK$107.8 million which will be matured within one year and unsecured long term bank loans of approximately HK$1,997.8 million.

Save as aforesaid and apart from intra-group liabilities, the Group did not, at the close of business on 31 July 2010, have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, loans, or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits or any guarantees or other material contingent liabilities.

The Company had entered into a loan agreement amounting to HK$2,000 million with specific performance covenants. Pursuant to the loan agreement, it will be an event of default if the Company ceases to maintain at least 51% beneficial interest in Jinzheng and in such event the lenders may demand immediate repayment of the loan. Such obligation continues to exist as at the date of this circular. The lenders are in the process of consenting the Company's request for a waiver of the above condition under the loan agreement.

Upon completion of the Disposal, the Company will cease to be the shareholder of Jinzheng.

2. WORKING CAPITAL

As at the Latest Practicable Date, taking into account the consideration from the Disposal to be received and the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of opinion that the Group has sufficient working capital for its present requirement that is for at least the next 12 months from the date of publication of this circular.

3. FINANCIAL AND TRADING PROSPECT

Despite the continuing volatility of the overseas markets in 2010, the Company's various businesses have reported solid improvements and results for the period ended 30 June 2010. Under the support of the policies and measures implemented by the Central Government, the PRC's economy will continue to maintain a stable and healthy development. The Company will continue to focus its efforts on the implementation of restructuring, grasp the investment opportunities to expand core businesses, and complete the restructuring projects as scheduled. The proceeds from the Disposal will surely provide more financial resources to the Group's coming restructuring.

While striving to achieve sustainable growth, the Company will continue to adhere to the principle of prudent financial management by maintaining an ample capital liquidity and to lay down a solid development foundation. The Directors are optimistic and confident of the future of the Company.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

The following is English translation of the valuation report received from Jinxin, an independent valuer, prepared for the purpose of incorporation in this circular, in connection with its valuation of entire shareholding interests in Jinzheng. All financial information shown in the valuation report are prepared in accordance with the generally accepted accounting principles in the PRC.

Asset Valuation Report In respect of the Entire Shareholders' Interests of Tianjin Jinzheng Transportation Development Company Limited involved in the Proposed Equity Transfer of Wintel Knight Holdings Limited

Hua Xia Jin Xin Ping Bao Zi [2010] No. 104

To Wintel Knight Holdings Limited

Tianjin Huaxia Jinxin Assets Valuation Company Limited (天津華夏金信資產評估有限公司) has been appointed by Wintel Knight Holdings Limited to conduct an assessment on the value of the entire shareholders' interests in Tianjin Jinzheng Transportation Development Company Limited (天津津政交通發展有限公司) in respect of the proposed equity transfer of the equity interest in Tianjin Jinzheng Transportation Development Company Limited by Wintel Knight Holdings Limited in accordance with relevant laws and regulations, and asset valuation standards and principles in compliance with necessary valuation procedures by adopting fair asset valuation methods. The valuation officers have carried out on-site inspection, market surveys and enquiries and calculations in respect of all the subject assets and liabilities under valuation in accordance with the State's various regulations relating to assets valuation in an objective, independent, fair and scientific manner. A fair market value of all subject assets and liabilities as at 31 December 2009 has been assessed. The asset valuation report is set out below.

I. PARTICULARS OF THE PRINCIPAL, THE APPRAISED ENTITY AND OTHER USERS OF THE VALUATION REPORT AS AGREED IN THE ENGAGEMENT LETTER.

(I) Brief details of the principal

Principal:	Wintel Knight Holdings Limited
Address:	Suites 7–13, 36/F China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong
Nature of business:	Investment holding
Legal status:	Body corporate
Registration number:	38711152–000–10–09–9

Wintel Knight Holdings Limited was incorporated in Hong Kong on 26 October 2007 with an authorized share capital of HK$10,000 and an issued share capital of HK$2. It is wholly-owned by Dynamic Infrastructure Limited, which was incorporated in British Virgin Islands ("BVI") and is a wholly-owned subsidiary of Tianjin Development Holdings Limited ("Tianjin Development"), a listed company in Hong Kong.

Tsinlien Group Company Limited is a window company established by the Tianjin Municipal Government in Hong Kong and a foreign-incorporated holding company wholly owned by the State. Tianjin Development is a subsidiary of Tsinlien Group Company Limited, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. As at 31 December 2009, Tsinlien Group Company Limited held 53.40% equity interests in Tianjin Development Holdings Limited, Tianjin Development Holdings Limited owned 100% equity interests in Dynamic Infrastructure Limited, Dynamic Infrastructure Limited owned 100% equity interests in Wintel Knight, and Wintel Knight owned 83.9308% equity interests in Tianjin Jinzheng Transportation Development Company Limited.

(II) Overview of the appraised entity

The appraised entity is Tianjin Jinzheng Transportation Development Company Limited.

1. *Name, nature and organization of appraised entity:*

Name of appraised entity:	Tianjin Jinzheng Transportation Development Company Limited
Address:	Tianjin Economic-Technological Development Area
Legal representative:	Ge Luncan
Registered capital:	RMB735,706,200
Paid-in capital:	RMB735,706,200
Corporate nature:	Company with limited liability (joint venture with Taiwan/Hong Kong/Macau partners by a domestic entity)
Term of operation:	25 October 1997 to 24 October 2048
Scope of business:	operation, management and maintenance of the 42.4 km Eastern Outer Ring Road (Yixingbu (宜興埠) — Zhangguizhuang (張貴莊) — Jinjing (津靜)), ancillary facilities and developments along the Eastern Outer Ring Road.

2. Development history

Tianjin Jinzheng Transportation Development Company Limited is a sino-foreign cooperative joint venture incorporated in the Tianjin Economic-Technological Development Area on 25 October 1997 with an initial registered capital of RMB474 million. The Chinese shareholder was Tianjin Eastern Outer Ring Road Co., Ltd (天津市外環東路有限公司) and the foreign shareholder is Tianjin Investment Holdings Limited, a company incorporated in the BVI. The Chinese shareholder and the foreign shareholder held equity interest of 10% and 90%, respectively, in the joint venture, and were entitled to a profit sharing ratio of 10% and 90% respectively.

In accordance with the decision stipulated in the document Jin Jing Mao Cu [1997] No. 70 "Reply of Approval for the Transfer of Equity in Tianjin Jinzheng Transportation Development Company Limited" issued by the Tianjin Foreign Economic and Trade Commission (天津市對外經濟貿易委員會), the entire equity interests held by the original foreign shareholder, namely, Tianjin Investment Holdings Limited registered in BVI, were transferred to Tianjin Development Holdings Limited, incorporated in Hong Kong, while other terms including the original cooperative joint venture agreement and the articles of association remained unchanged.

Tianjin Jinzheng Transportation Development Company Limited started the construction for the revamping of Eastern Outer Ring Road in 1998 for a total contract amount of RMB1,576 million. In order to meet this financial requirement, the registered capital of Tianjin Jinzheng Transportation Development Company Limited and the total investment in Tianjin Jinzheng Transportation Development Company Limited were increased to RMB1,104 million and RMB2,050 million, respectively, through seven additional capital contributions from the shareholders.

Tianjin Development transferred the 6.0692% equity interest in Tianjin Jinzheng Transportation Development Company Limited to Tianjin Eastern Outer Ring Road Co., Ltd in 2001. Following the transfer, the shareholding percentages of Tianjin Eastern Outer Ring Road Co., Ltd and Tianjin Development were 16.0692% and 83.9308%, respectively. This transfer was approved by the Tianjin Economic-Technological Development Area Administrative Commission by virtue of the document Jin Kai Pi [2001] No. 395.

With the approval of the Tianjin Economic-Technological Development Area Administrative Commission by virtue of the document Jin Kai Pi [2002] No. 607, Tianjin Development transferred its entire 83.9308% equity interests in Tianjin Jinzheng Transportation Development Company Limited to Dynamic Infrastructure Limited in 2002.

In March 2004, Tianjin Jinzheng Transportation Development Company Limited spanned off its land use rights valued at RMB368,890,000 and established a company Tianjin Gangjin Real Estate Development Co., Ltd. whose shareholders were the same as that of Tianjin Jinzheng Transportation Development Company Limited, and the shareholding percentage as well.

Following the completion of the spin-off, Tianjin Jinzheng Transportation Development Company Limited had a registered capital of RMB735,706,200, with the same investment ratio between the Chinese and foreign shareholders, specifically the foreign shareholder accounted for RMB617,484,400 sharing 83.9308% of the registered capital, while the Chinese shareholder accounted for RMB118,221,800 sharing 16.0692% of the registered capital.

With the approval of the Tianjin Economic-Technological Development Area Administrative Commission by virtue of the document Jin Kai Pi [2007] No. 742 "Reply of Approval for the Transfer of Equity in Tianjin Jinzheng Transportation Development Company Limited," Dynamic Infrastructure Limited transferred its entire 83.9308% equity interests in Tianjin Jinzheng Transportation Development Company Limited to Wintel Knight Holdings Limited, a company incorporated in Hong Kong in 2007.

As at the valuation date 31 December 2009, the shareholders of Tianjin Jinzheng Transportation Development Company Limited were set out as below:

Unit: RMB10,000

Number	**Name of shareholder**	**Form of capital contribution**	**Amount of capital contribution**	**As a percentage of the registered capital** *(%)*
1	Tianjin Eastern Outer Ring Road Co., Ltd	Cash	11,822.18	16.0692
2	Wintel Knight Holdings Limited	Cash	61,748.44	83.9308
	Total		73,570.62	100.00

3. *Major products or services of the appraised entity*

Tianjin Jinzheng Transportation Development Company Limited is principally engaged in the management and maintenance of the 42.4 km Eastern Outer Ring Road (Yixingbu — Zhangguizhuang — Jinjing), ancillary facilities and developments along the EORR.

4. Organization structure of the appraised entity

The shareholders of Tianjin Jinzheng Transportation Development Company Limited are Tianjin Eastern Outer Ring Road Co., Ltd and Wintel Knight Holdings Limited, holding 16.0692% and 83.9308% equity interests in Tianjin Jinzheng Transportation Development Company Limited, respectively. Tianjin Jinzheng Transportation Development Company Limited has 1 chairman, 1 vice chairman, 1 general manager and 1 executive deputy general manager overseeing 4 functional departments, including the general affairs office, the financial department, the engineering department and the toll center.

5. Market and customers

Tianjin Jinzheng Transportation Development Company Limited charged road tolls based on the vehicle passing fee standards promulgated by the Tianjin Municipal Price Control Administration and Tianjin Municipal Finance Bureau during the period from 11 November 1999 to 31 May 2003. There were 2 toll stations along the Outer Ring Road which were operated on an integrated basis and vehicles were allowed to pass through both stations with one ticket. In accordance with the document Jin Jia Fei [1999] No. 858, there were 5 categories of toll rates, the detailed scopes of which were as follows:

1 Motorcycles, motor tricycles and all types of tractors: RMB5 for each passage;

2 Passenger vehicles with 20 seats or below, trucks with maximum load of 2 tons or below: RMB10 for each passage;

3 Passenger vehicles with 21–50 seats, trucks with maximum load of over 2 tons up to and including 5 tons: RMB20 for each passage;

4 Passenger vehicles with 51 seats or above, trucks with maximum load of over 5 tons up to and including 15 tons: RMB30 for each passage;

5 Trucks with maximum load of 15 tons and all types of container haulers: RMB45 for each passage.

In accordance with the "Notice on the Proposal of Reforms in the Administration of Tianjin City Indebted Road Construction for Vehicle-Passing Toll Collection" issued by the Municipal Construction Commission and approved and forwarded by the Tianjin Municipal People's Government, the Xinkaihe (新開河) Station and Haihenan (海河南) Station were cancelled, and tolls were collected and refunded on a consolidated basis during the period from 1 June 2003 to 1 January 2010, where Tianjin City Indebted Road Construction for Vehicle-Passing Toll Collection Office centrally collected loan-funded vehicle passing fee for the local and inbound motor vehicles. To provide greater convenience to the vehicle passing, the previously built toll collection stations was dismantled in 2004 and passing vehicles were monitored and calculated by installing electronic meters at the original sites of the two toll stations. Tianjin City Indebted Road Construction for Vehicle-Passing Toll Collection Office calculated the vehicle passing fee based on the approved vehicle passing calculation method and paid the toll fees to Tianjin Jinzheng Transportation Development Company Limited.

The formula for vehicle passing fee: Σ (number of all types of vehicles passing through as counted at the two stations X relevant rates) X 40%

A toll collection management fee, calculated at 5% of the gross amount of toll payments, was payable by Tianjin Jinzheng Transportation Development Company Limited to the Tianjin Office for the Collection of Vehicle Toll for Loan-funded Road Construction.

The Tianjin Municipal Government suspended the collection of vehicle passing fee for loan-funded road construction with effect from 1 January 2010 after the State Council promulgated the "Notice on the Implementing Reforms on Prices of Refined Products and Tax" in 2009. As a result, Tianjin Jinzheng Transportation Development Company Limited did not generate any toll revenue during the period from the beginning of 2010 to the date of this report, and does not expect to generate any operating revenue in the future.

6. *The management of the appraised entity*

Tianjin Jinzheng Transportation Development Company Limited has been reporting stable development since its incorporation in 1997. It has applied the common management style adopted by small and medium enterprises in general and resulted in rather simple corporate management.

7. *Major assets status of the appraised entity*

The Outer Ring Road of Tianjin City was located at an average of 10 km from the city centre, with a total of 10 drive lanes in both directions and a design speed of 80 km per hour. By accommodating cargo transportation, diverting traffic passing by Tianjin City away from central district and reducing the traffic flow, this Outer Ring Road has relieved the traffic in Tianjin which previously failed to connect the four directions of Tianjin City. Covering a total distance of 71.44 km and enfolding districts with an area of approximately 320 sq.km, it has become the "Golden Necklace" of Tianjin's highway traffic.

In 1985, the Tianjin Municipal Party Committee and Municipal Government listed the construction of a highway main road system comprising 3 ring roads (inner, middle and outer) and 14 radial roads as a key project for the city and carried articulate survey and design works, in a bid to address the needs arising from the economic reform policy and to improve road conditions according to overall urban construction planning. The excavation and filling work for the road foundation earthwork commenced in the autumn of 1986, undertaken by Tianjin residents on a voluntary basis in response to the call of Mr. Li Ruihuan, then mayor of Tianjin, for "city building for the people and by the people". The construction of bridge culverts, flyover bridges and complementary agricultural and irrigation structures, undertaken by professional contractors, also commenced. With a total length of over 70 km, phase one of the outer ring was completed and open to traffic on 1 October 1987. Extending to 100 metres in width and boasting Class I highway standards, the section was complemented by 10 large flyover bridges stretching across highways, rivers and railways, as well as an outer ring waterway and a green zone. Thereafter, the management authorities of the Outer Ring Road commenced the GBM road project in accordance with supervision's request, aiming to promote civilization highways, standardization and beautification. In 1988, plantation along the entire Outer Ring Road was completed and a grass lawn was laid in the central isolation zone. In 1989, a community-style landscape area was built at the Beijing-Tianjin Interchange Flyover Bridge, which became a spectacular new sight at the time. The Outer Ring Road came to be known as the "Golden Necklace" which improved highway transport and provided the driving force for urban and rural economic prosperity in Tianjin.

As the economy thrived and prospered, there was a pressing need to widen and revamp the Outer Ring Road. Revamping work for the 29-km northwestern half of the ring road officially commenced in 1996 and toll collection was introduced upon completion in 1998. Revamping of the southeastern half started in 1998 and lasted for 2 years, completing 42.4 km by 1999. By then, the widening and revamping of the Outer Ring Road was fully completed and toll collection was introduced for the entire route. New asphalt surface covered a total area of 3.15 million sq.m., while 6 new flyover bridges were erected and 8 existing bridges (including river-crossing bridges and flyover bridges) were revamped as well as 18 small to medium bridges were built or revamped. New landscape plantation covered 0.33 million sq.m., while steel safety railings with a total length of 68 km were installed. Ancillary works on road signs and lane markers were also completed.

The major assets of Tianjin Jinzheng Transportation Development Company Limited comprised the road and bridge facilities of the 42.4 km eastern half of the Outer Ring Road. Assets types on the books comprised mainly cash and bank, accounts receivables, other receivables, fixed assets and various liabilities.

8. Development prospects of the appraised entity

Incorporated in 1997, Tianjin Jinzheng Transportation Development Company Limited was responsible for the management and maintenance of the 42.4 km Eastern Outer Ring Road. Since 1997, the Tianjin Municipal Government has set aside an "Basic Operating Income" to be paid to Tianjin Jinzheng Transportation Development Company Limited from the Tianjin city road construction supplement charges collected every year. The amount of this fee was RMB110 million for the commencement year (1997), and annual increments were made in subsequent years. The revamping of the Eastern Outer Ring Road started in 1998 and major constructions were completed by the end of 1999. Trial operation commenced on 11 November that year and annual toll revenue in vehicle passing amounted to over RMB100 million. In 2004, the appraised entity transferred the right to receive the Basic Operating Income in future years to Tianjin TEDA Investment Holding Co., Ltd. in consideration of Tianjin TEDA Investment Holding Co., Ltd. assuming the liability of a RMB750 million loan owed by the appraised entity to China Merchants Bank. Thereafter, Tianjin Jinzheng Transportation Development Company Limited retained only the management of the Eastern Outer Ring Road and the right collecting tolls from vehicles passing the road. Subsequent to the announcement of the "Notice on Implementing Reforms on Prices of Refined Products and Tax" by the State Council, Tianjin Municipal government suspended toll collection for road construction funded by Tianjin municipal loans and the appraised entity has not generated any toll revenue since 1 January 2010.

9. Competition

The pace of national economic growth remains one of the most important factors affecting the volume of highway traffic flow, as the expressway transportation sector has high correlation with GDP indicators. According to the 11th Five Year Plan of the nation, China is expected to sustain an average annual GDP growth of 7.5% in the next 5 years, and the expressway transportation sector is poised to enjoy steady growth in tandem with the national economy.

Given the networking effect of expressways, highway transport demand will continue to be driven by the trend of urbanization and the growth in individual car ownership, while the implementation of weight-based tolls, which will increase revenue per vehicle and toll revenue, and initiatives in outbound expansion — such as the acquisition of new roads — will continue to support stable business growth of the expressway sector.

In accordance with the document Jin Zheng Fa [2003] No. 52 "Notice on the Proposal of Reforms in the Administration of Tianjin City Indebted Road Construction for Vehicle-Passing Toll Collection" issued by the Municipal Construction Commission and approved and forwarded by the Tianjin Municipal People's Government, which mentioned "traffic toll collection for loan-funded road construction of Tianjin will be reformed, whereby toll stations will be cancelled and combined and tolls will be collected and refunded on a consolidated basis, in order to change the current situation of having excessive highway toll stations for a better image of the city". Furthermore, the Tianjin Municipal Government suspended the collection of vehicle toll for loan-funded road construction with effect from 1 January 2010 after the State Council promulgated the "Notice on Implementing Reforms on Prices of Refined Products and Tax" in 2009. Tianjin Jinzheng Transportation Development Company Limited is no longer in a position to compete with its peers as it has not generated any toll revenue thereafter.

10. Macro-economic factors affecting the production and operations of the appraised entity

Total assets of Tianjin Jinzheng Transportation Development Company Limited as at the end of December 2009 amounted to RMB1,815 million. Its source of revenue was traffic toll income, which amounted to approximately RMB120 million for the year. As a result of the aforesaid change in the State policy regarding the collection of traffic tolls, the company will no longer generate any operating income and gains in the future.

11. Financial conditions

The assets, liabilities, owners' equity, business revenue and net profit of Tianjin Jinzheng Transportation Development Company Limited for the past three years are set out in the following table:

Balance Sheet 2007–2009

Unit: RMB

Items	2007	2008	2009
I. Current Assets	293,666,573.59	321,635,493.65	312,073,226.66
1. Cash and bank	256,202,438.07	250,644,527.12	131,905,922.10
2. Bills receivable	35,203,178.00	—	—
3. Other receivables	2,260,957.52	2,490,292.53	2,548,886.56
4. Trade receivables	—	68,500,674.00	177,618,418.00
II. Non-current assets	1,583,693,177.94	1,543,551,148.86	1,503,679,177.54
1. Fixed assets, at cost	2,072,179,066.40	2,069,152,217.12	2,068,915,770.17
2. Accumulated depreciation	488,485,888.46	525,601,068.26	565,236,592.63
3. Fixed assets, net	1,583,693,177.94	1,543,551,148.86	1,503,679,177.54
III. Total assets	1,877,359,751.53	1,865,186,642.51	1,815,752,404.20
IV. Current liabilities	303,520,682.96	289,761,485.55	326,125,787.31
1. Trade payables	9,000,000.00	12,500,000.00	52,500,000.00
2. Staff welfare payable	10,253,074.41	8,773,430.39	4,256,186.95
3. Tax payable	1,644,492.76	1,892,180.83	680,436.41
4. Dividend payable	272,558,930.04	264,839,588.98	260,931,562.00
5. Other payables	1,709,252.95	1,181,587.95	1,180,407.95
6. Other current liabilities	8,354,932.80	574,697.40	6,577,194.00
V. Non-current liabilities	—	—	—
VI. Total liabilities	303,520,682.96	289,761,485.55	326,125,787.31
VII. Owners' equity	1,573,839,068.57	1,575,425,156.96	1,489,626,616.89
Paid-in capital	735,706,200.00	735,706,200.00	735,706,200.00
Capital reserves	750,000,000.00	750,000,000.00	750,000,000.00
Statutory reserves	25,274,014.88	26,518,397.12	23,734,929.09
Retained earnings	62,858,853.69	63,200,559.84	-19,814,512.20

Income Statement 2007–2009

Items	2007	2008	2009
I. Revenue from principal operations	116,060,402.00	119,826,478.00	120,050,932.00
II. Cost of sales	76,470,984.13	75,985,262.15	86,029,755.34
III. Tax and surcharges for principle operations	5,803,020.10	5,991,323.90	6,002,496.60
IV. Profit from other operation	—	—	—
V. Selling and distribution costs	—	—	—
VI. General and administrative expenses	4,066,042.14	2,911,491.18	4,724,250.82
VII. Finance costs	-2,378,580.86	-4,091,309.84	-3,205,980.07
VIII. Subsidies income	—	—	—
IX. Non-operating income	4,570,000.00	—	16,095.94
X. Non-operating expenditure	405,131.30	91,227.64	5,308,920.18
XI. Income tax	5,440,499.83	6,828,926.93	6,347,788.35
XII. Net profit	30,823,305.36	31,109,556.04	14,859,796.72

The financial statement for 2007 has been audited by Yuehua Certified Public Accountants Company Limited, Tianjin Branch, who has issued an unqualified audited report (Yue Jin Wai Shen [2008] No. 136);

The financial statement for 2008 has been audited by China Rightson Certified Public Accountants Company Limited, Tianjin Branch, who has issued an unqualified audited report (Yue Jin Wai Shen [2009] No. 154);

The financial statement for 2009 has been audited by China Rightson Certified Public Accountants Company Limited, Tianjin Branch, who has issued an unqualified audited report (Yue Jin Wai Shen [2010] No. 356).

12. Significant policies

In accordance with the document Jin Guo Shui Jing [2001] No. 56 issued by the State Administration of Taxation of Tianjin Economic-Technological Development Area, Tianjin Jinzheng Transportation Development Company Limited shall be subject to an income tax rate of 15% pursuant to the PRC Law on Income Tax for Foreign-invested Enterprises and Foreign Enterprises”. In accordance with the “Notice on the Implementation of Transitional Preferential Policies in respect of Enterprise Income Tax” issued by the State Council, foreign enterprises previously entitled to preferential low-tax policies were given a grace period of 5 years from the implementation of the new tax law with effect from 1 January 2008, during which their applicable tax rates would be gradually increased towards the statutory tax rate. Currently the enterprise is subject to an income tax rate of 20% and its accounting calculations are conducted in accordance with the Accounting Standards for Business Enterprises.

(III) Other users of the valuation report as stipulated in the engagement letter

This valuation report is furnished solely for use by the Principal to achieve its purposes of conducting the appraisal. Under no circumstances should it be used otherwise without the permission of the Principal and for purposes not related to the purposes of the appraisal.

II. PURPOSES OF THE APPRAISAL

The purpose of this appraisal is to provide a basis for reference regarding the valuation of the proposed transfer of 83.9308% equity interests in Tianjin Jinzheng Transportation Development Company Limited by Wintel Knight Holdings Limited.

The said economic activity has been approved by the Office of the Tianjin Municipal People's Government with a document entitled "Response to the application on the treatment of the equity interests in the Eastern Outer Ring Road and the Jinbin Expressway" (Jin Zheng Ban Han [2010] No. 13) dated 31 March 2010.

III. SUBJECT AND SCOPE OF APPRAISAL

The subject of the appraisal is the entire shareholders' equity of Tianjin Jinzheng Transportation Development Company Limited.

The scope of asset appraisal covers all assets and liabilities reported by Tianjin Jinzheng Transportation Development Company Limited, namely the current assets, fixed assets and various all liabilities.

The primary physical asset is the 42.4 kilometer Eastern Outer Ring Road (Yixingbu — Zhangguizhuang — Jinjing Highway). The eastern half of the Outer Ring Road passes through 4 districts of Tianjin, namely Beichen (北辰), Dongli (東麗), Jinnan (津南) and Xiqing (西青). It starts at the Yingxingbu Flyover Bridge in Beichen and ends at the Jinjing Highway Flyover Bridge in the western district. Along the route there are 7 flyover bridges, namely Jinzi Highway (津淄公路) Flyover Bridge, Jiefangnan Road (解放南路) Flyover Bridge, Jin'gu Highway (津沽公路) Flyover Bridge, Jintang Highway (津塘公路) Flyover Bridge, Jinhan Highway (津漢公路) Flyover Bridge, Jinzhonghe (金鐘河) Flyover Bridge and Zhuangguizhuang (張貴莊) Flyover Bridge; 2 river-crossing bridges, namely Xinkaihe (新開河) Bridge and Haihe (海河) Bridge; as well as 13 small to medium bridges. There are also 2 ancillary toll stations: Xinkaihe Station and Haihenan Station, with a gross area of 2,938.50 sq.metre. The said assets are in good conditions for use. There are 2 houses and buildings associated with road and bridge management which were completed in 1999. The building structure is made of brick concrete with a gross area of 2,938.5 sq.metre. and no housing title registration certificates have been applied for in respect of the buildings. There are also 9 automobiles and 11 electronic and office equipment items.

The aforesaid assets and liabilities are provided by Tianjin Jinzheng Transportation Development Company Limited, the details of which are set out in the following table:

Unit: RMB

Items	**Book value**
Current assets	312,073,226.66
Long-term investments	—
Fixed assets	1,503,679,177.54
Including: equipment	391,699.37
buildings	1,503,287,478.17
Intangible assets	—
Including: land use rights	—
Deferred assets	—
Total assets	1,815,752,404.20
Current liabilities	326,125,787.31
Long-term liabilities	—
Total liabilities	326,125,787.31
Net assets	1,489,626,616.89

Apart from the assets listed above, there are no other off-balance sheet assets.

The subject and scope under appraisal as designated by the Principal are identical with the subject and scope under appraisal as involved in the economic activity.

Our appraisal officers have conducted necessary verifications of the completeness of the scope of valuation reported by the appraised entity based on all assets owned and liabilities undertaken reported and provided by the Principal and the appraised entity. In the event of the existence of assets and liabilities that should be but have not been reported and that are incapable of being identified by us, the valuation conclusion herein shall not be directly adopted.

IV. VALUATION TYPE AND ITS DEFINITION

Taking into account the purposes of the current appraisal, market conditions and the subject of appraisal, there are no special limitations or requirements for market conditions and the use of the subject of appraisal, and the market value has been adopted as the type of valuation to be appraised. Market value is defined as:

The estimated amount for which the subject of appraisal should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction wherein the parties have each acted rationally and without compulsion.

V. VALUATION DATE

The valuation date for the current asset appraisal is 31 December 2009. Such valuation date has been determined by the Principal according to the nature of the economic activity based on three primary considerations: i) to select a point in time closer to the date on which the economic activity is realized; ii) to align with the audited report in order facilitate the acquisition of accurate and complete audit information; and iii) to facilitate easy retrieval of relevant information for the convenience of appraisal work.

VI. BASES FOR VALUATION

(I) Legal bases: relevant laws and regulations:

1. The "Company Law of the PRC";

2. PRC State Council (1991) Order No. 91 "Rules Governing State-owned Asset Appraisal";

3. Document (1992) No. 36 "Implementation Measures of the Rules Governing State-owned Asset Appraisal" issued by the former State Administration for State-owned Assets;

4. Document Zi Ban Fa (1996) No. 23 "Standard Opinion on the Conduct of Asset Appraisal (Trial)" issued by the former State Administration for State-owned Assets;

5. Document Jin Guo Zi Chan Quan (2007) No. 40 "Provisional Rules Governing Appraisal of Corporate-held State-owned Assets of Tianjin" issued by the State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People's Government;

6. 2005 PRC State Council SASAC Order No. 12 "Provisional Rules Governing Appraisal of Corporate-held State-owned Assets";

7. Accounting Standards for Business Enterprises and Enterprise Accounting System;

8. Other applicable laws and regulations.

(II) Standards

1. Cai Qi (2004) No. 20 "Asset Appraisal Standards — Basic Standards" and "Professional Ethical Standards for Asset Appraisal — Basic Standards" issued by the Ministry of Finance;

2. Zhong Ping Xie [2007] No. 189 "Asset Appraisal Standards — Valuation Reports", "Asset Appraisal Standards — Appraisal Procedures", "Asset Appraisal Standards — Letter of Appointment" and "Asset Appraisal Standards — Working Drafts" issued by the China Appraisal Society;

3. Cai Qi (2008) No. 343 "Notice of the Ministry of Finance on the Convergence Issue in the Implementation of Relevant Systems for Asset Appraisal Standards" issued by the Ministry of Finance, including Guidelines to Corporate-held State-owned Asset Appraisal and Annexes 1 and 2;

4. Zhong Ping Xie [2007] No. 189 "Asset Appraisal Standards — Machinery Equipment" issued by the China Appraisal Society;

5. Zhong Ping Xie [2007] No. 189 "Asset Appraisal Standards — Immovable Assets" issued by the China Appraisal Society;

6. Kuai Xie [2003] No. 18 "Guiding Opinion on Certified Asset Appraisers' Concern for the Legal Ownership of the Subject under Appraisal" issued by the Chinese Institute of Certified Public Accountants;

7. Zhong Ping Xie [2004] No. 134 "Guiding Opinion on the Appraisal of Enterprise Value" issued by the China Appraisal Society;

8. Zhong Ping Xie [2007] No. 189 "Guiding Opinion on Valuation Types in Asset Appraisal" issued by the China Appraisal Society.

(III) Bases for actions

"Response to the application on the treatment of the equity interests in the Eastern Outer Ring Road and the Jinbin Expressway" (Jin Zheng Ban Han [2010] No. 13) issued by the Office of the Tianjin Municipal People's Government.

(IV) Bases for ownership

1. Corporate business licences of the Principal and the appraised entity;

2. PRC Motor vehicle movement permits;

3. Invoices for the purchases of significant assets;

4. Construction work contract for the revamping of the eastern-half ring road of the Outer Ring Road of Tianjin, tender documents and work completion report;

5. Other descriptions of title ownerships of relevant assets.

(V) Bases of value estimation

1. On-site investigation and records of the appraisal officers;

2. Manual of Common Data and Parameters in Asset Appraisal (2nd Edition);

3. Company financial statements and audited reports for the past three years ended and as at the valuation date furnished by the appraised entity;

4. "Mechanical Product Quotation Manual" 2009 published by China Mechanical Industry Information Research Institute;

5. "Base Prices of Construction and Installation Works in Tianjin" and "Base Price Estimates for Municipal Construction Works of Tianjin" published by the Tianjin Municipal Urban and Rural Construction Committee in 2008;

6. "Information on Pricing of Construction Works in Tianjin" published in December 2009 by the Tianjin Construction Work Quantitative Management Research Station and Tianjin Construction Works Pricing Management Association.

7. "Notice on Adjusting Certain Regulations for Vehicle Obsolescence Standards (Guo Jing Mao Zi Yuan [2000] No. 1202) issued by the National Economic and Trade Commission, National Development and Planning Commission, Ministry of Public Security and State Environmental Protection Administration and "Notice on the Implementation of the 'Notice on Adjusting Certain Regulations for Vehicle Obsolescence Standards'" (Gong Jiao Guan [2001] No. 2) issued by the Ministry of Public Security;

8. "Provisional Regulations for Vehicle Purchase Tax of the PRC" enacted on 1 January 2001;

9. "Reply regarding the Exemption of Tianjin Jinzheng Transportation Development Company from Land Rent for Tianjin Eastern Outer Ring Road (Yixingbu — Zhangguizhuang — Jinjing Highway) (Di Ji Zi [97] No. 252) issued by the Tianjin Land Administration;

10. "Grading Standards for Integrity and Defects of Housing (Trial)" (Cheng Zhu Zi [1984] No. 678 of the Urban and Rural Construction Environmental Protection Administration);

11. Information on price quotation and parameters.

(VI) Other information

1. Detailed asset checklist provided by the appraised entity;

2. Other information provided by the appraised entity in relation to asset appraisal;

3. Overview of work, information for job closing and project work drawings;

4. Bank account statements, bank balance reconciliation statement, enquiries and confirmation letters for intra-group payables, loan contracts and tax return forms;

5. On-site investigation, survey, photo-taking and random check of stock-taking information.

VII. VALUATION METHODOLOGY

In accordance with relevant provisions of the asset appraisal system currently in force, the appraisal of enterprise value may be conducted by certified asset appraisers using the income approach, market approach or cost approach.

The asset base approach has been adopted for this appraisal. The valuation method is determined on the basis of the purposes of the appraisal, the characteristics of the assets and the appraisal information available.

1. Overview and adoption of the income approach

The income approach is an asset valuation method that determines the price of the asset under appraisals on the basis of the aggregate sum of estimated future income expected to be generated from the asset under appraisals discounted to its present value by applying an appropriate discount rate.

The income approach cannot be applied in the appraisal because foreseeable recurrent stable income in the future is not probable as the enterprise will no longer generate operating income after the State has resolved to suspend the collection of loan-funded road construction tolls.

2. Overview and adoption of the market approach

The market approach involves comparison between the appraised subject and equity assets, such as shareholders' equity and securities, of comparable companies or past market transactions, so as to determine the approach to appraisal and selection bases in relation to the valuation of the appraised subject.

The market approach is not considered appropriate for this appraisal due to the lack of past market transactions similar to the public transfer of the appraised enterprise and the difficulties in drawing accurate comparisons and references owing to significant differences among different cases of corporate transfers.

3. Overview and adoption of the asset base approach

The asset base approach seeks to determine the approach to appraise the value of the subject is based on the financial statement (the balance sheet) of the enterprise on the basis of a reasonable assessment of the assets and liabilities of the enterprise, as reflected in the financial statement, namely the balance sheet, of the enterprise. This appraisal has been conducted in the asset base approach using the following basic formula:

Appraised value = sum of appraised values of individual assets less sum of appraised value of liabilities

In the appraisal of enterprise valuation, the replacement cost method has been adopted in respect of individual assets and liabilities. The replacement cost method seeks to determine price of the asset under appraisal by considering the full amount of cost required to replace in brand new condition the asset under appraisal through acquisition or construction under realistic conditions, less all losses incurred or depreciation of the asset under appraisal.

VIII. IMPLEMENTATION OF THE APPRAISAL PROCEDURES

After accepted the appointment for asset valuation, our company formed a dedicated asset appraisal project team with selected asset appraisal officers, who started to carry out their appraisal work on-site at the enterprise on 11 May 2010 and issued a valuation report on 30 July 2010.

(I) Identifying basic issues of the appraisal

Had understanding on the basic information of the Principal, appraised entity and users of the valuation report other than the Principal, identified significant matters such as the purpose of the valuation, appraised entity, scope of valuation, valuation types and valuation date; conducted a comprehensive analysis and assessment of our professional competence, independence and business risk exposures based on the actual conditions of the appraisal assignment; and, as an appraisal institution, decided to undertake the appraisal assignment.

(II) The signing of the engagement letter

The assignment was accepted and an engagement letter for asset valuation was signed with the Principal.

(III) Preparation of an appraisal plan

An officer in charge of the project was assigned and an appraisal project team was formed. Key areas of the appraisal such as specific steps, schedules, staffs arrangement and technical plan were determined and an appraisal plan was drawn up.

(IV) On-site investigations

Appropriate on-site investigations of the assets under appraisal were carried out based on the actual conditions of the appraisal appointment. A thorough check of the reported assets was performed by the appraised entity under our guidance. Verification of information reported for appraisal was performed. Assets were inspected and understood the legal titles of the assets and economic conditions, as well as the technical conditions of the assets, conditions of use, quality and extent of losses, so as to generate investigation records.

(V) Collection of appraisal information

The certified asset appraiser requested the Principal or the appraised entity to provide detailed information involving the subject and scope of appraisal and conducted examination and verification of information provided by the Principal or the appraised entity. Examination was conducted through enquiry, confirmation letter, checking, supervised stocktaking, investigation and inspection, etc. to obtain fundamental information required for the appraisal task, understood current status of the subject of appraisal and paid attention to the legal titles of the subject of appraisal. Relevant information was examined and market research and price consultation was conducted to collect market information, including independent information acquired directly from market channels, information obtained from relevant parties such as the Principal or the appraised entity, as well as information obtained from government departments, various professional institutions and other relevant departments.

(VI) Appraisal estimates

Bases for appraisal estimates were formed by conducting necessary analysis, collation and consolidation of appraisal information collected on the basis of the actual conditions of the appraisal task. The appropriateness of asset appraisal methods such as the market approach, income approach and cost approach were analyzed based on relevant conditions such as the subject of appraisal, valuation types and collection of appraisal information and the suitable appraisal method was selected accordingly. An initial appraisal conclusion was reached through analysis, calculations and judgments using formulas and parameters applicable under the adopted appraisal method. The final conclusion was arrived at after a comprehensive analysis of the initial conclusion. Details of the appraisal process are set out as follows:

(1) Cash and bank: Cash and bank under appraisal included cash, bank deposits and other cash on hand. Appraisal on cash: the appraisal officers checked the cash balance of the cash daily book against the cash balance of the general ledger and the bank statements; double checked the bank reconciliation statements prepared by the entity. The verified bank balance without errors was determined as the appraised value. Appraisal of bank deposits: the appraisal officers checked the balance of the daily book against the general ledger and the account statement, and then reviewed and verified the bank balance reconciliation statement, and the verified bank deposit balance was determined as the appraised value. For foreign currency deposits, the verified foreign currency deposit amount was multiplied by the RMB foreign exchange rate quoted by the People's Bank of China on the valuation date and translated into RMB as the appraised value. For time deposits placed with Tianjin Bank, Chungking Sub-branch and the business department of Zhejiang Commercial Bank Tianjin Branch, the appraised value should include the amount of interest accruable but not yet paid. Appraisal of other cash on hand: This comprised primarily a credit card issued by the Industrial

and Commercial Bank of China Tianjin Branch. The appraisal officers determined the appraised value after checking the account against evidence and verifying various account details in respect of this type of deposits.

(2) Accounts receivables: the appraisal officers checked reported accounts receivables against the relevant general ledger and sub-ledger, and then investigated and analyzed the timing, details, amount, business dealings and management of accounts receivables. Confirmation letters were issued in respect of debts with significant balances. The appraised value of each accounts receivables was determined according to the recoverable amount of each receivable on the basis of its verified book value.

(3) Other receivables: Other receivables reported by Tianjin Jinzheng Transportation Development Company Limited comprised mainly 4 receivable items including borrowings and pledged amounts, etc. The appraisal officers investigated the details, timing and amount of each receivable item and reasons for failure to be collected when due. They also conducted inspection, analysis and assessment in respect of each individual account to make judgment on the probability of recovery, before determining the appraised value of recoverable other receivables on the basis of their verified book value.

(4) Appraisal of fixed assets

Fixed assets under the asset appraisal included houses and buildings, structures, electronic equipments and vehicles.

1. There are 3 houses and buildings reported in the appraisal, comprising mainly buildings of the Haihenan Station and the Xinkaihe Station, which were completed in 1999. The building structure is made of brick concrete with a gross area of 2,938.5 sq. metre. The Xinkaihe Station is a 2-storey building with 37 rooms over a gross area of 889.38 sq. metre. The Haihenan Station is a 3-storey building with 51 rooms over a gross area of 1,225.26 sq. metre. The Haihenan annex is a 2-storey building with 29 rooms over a gross area of 823.86 sq.metre. The gross area of the houses is 2,938.5 sq.metre. No housing title registration certificates have been applied for as the office rooms of the two toll stations are ancillary facilities of the highway.

   For the appraisal of houses and buildings, the appraisal officers examined the appraisal checklist for houses and buildings against the general ledger and sub-ledger of the appraised entity. On-site investigation and survey of the houses and buildings was conducted by professional appraisers based on descriptions and construction drawings provided by the appraised entity. Final accounting information on work completion was examined. Enquiries about the construction work were made to relevant staff of the unit under appraisal. The replacement cost for the houses and buildings was determined on the basis of relevant information provided by the appraised entity and in accordance with "Base Price Estimates for Municipal Construction Works of Tianjin" 2008 and the "Construction Work Pricing Index" provided by the Tianjin Construction Work Quantitative Management Research Station and Tianjin Construction Works Pricing Management Association in December 2009, taking into account construction work overheads and relevant tax expenses. On the basis of on-site investigation and validation in respect of the houses and buildings and taking into account factors such as the useful lives of the houses and buildings and the maintenance conditions, the residual ratio was arrived at by multiplying a score under the effective term method and wear-and-tear scale by a weighted average coefficient. The final net appraised value of the houses and buildings was then calculated.

2. Structures reported by Tianjin Jinzheng Transportation Development Company Limited comprised primarily the 42.4 kilometer Eastern Outer Ring Road (Yixingbu — Zhangguizhuang — Jinjing Highway). The eastern half of the Outer Ring Road passes through 4 districts of Tianjin, namely Beichen, Dongli, Jinnan and Xiqing. It starts at the Yingxingbu Flyover Bridge in Beichen and ends at the Jinjing Highway Flyover Bridge in the western district. Along the route there are 7 flyover bridges, namely Jinzi Highway Flyover Bridge, Jiefang South Road Flyover Bridge, Jin'gu Highway Flyover Bridge, Jintang Highway Flyover Bridge, Jinhan Highway Flyover Bridge, Jinzhong River Flyover Bridge and Zhuangguizhuang Flyover Bridge; 2 river-crossing bridges, namely Xinkai River Bridge and Hai River Bridge; as well as 13 small to medium bridges. The south-east half of the Outer Ring Road is the major route of the traffic in the southeastern district of Tianjin as well as cross-border traffic, with a maximum daily traffic flow is 66,000 vehicles.

   We conducted our appraisal of roads, bridges and highway facilities in accordance with "Base Price Estimates for Municipal Construction Works of Tianjin" published in 2008. The Tianjin construction work pricing system editing software developed by the Tianjin Construction Work Quantitative Management Research Station was employed to calculate the replacement cost by inputting data according to the work volume checklist based on general information on the construction work, final accounting information on work completion and construction drawings provided by the Client. On the basis of on-site investigation and validation in respect of the roads, bridges and highway facilities and taking into account factors such as their useful lives and maintenance conditions, the residual ratio was arrived at by multiplying a score under the effective term method and wear-and-tear scale by a weighted average coefficient. The final net appraised value of the roads, bridges and highway facilities was then calculated.

3. There are 11 electronic equipment items under appraisal, comprising mainly computers and printers.

   Based the checklist of equipment under appraisal provided by the unit under appraisal, the appraisal officers determined the full replacement cost for equipment requiring installation and testing by adding freight costs and installation and testing fees to prevailing market prices of similar equipment known through market price enquiry. The full replacement cost for small electronic equipment was determined through direct enquiry of prevailing market prices of similar equipment. On the basis of on-site investigation and validation in respect of the equipment and taking into account the technical performance, effective useful lives and maintenance conditions of the equipment, the residual ratio was determined and the final net appraised value of the equipment was then calculated.

4. There are 9 automobiles under appraisal, including Santana and Honda CRV, etc.

   Based on the transportation equipment checklist provided by the appraised entity, the appraisal officers determined the full replacement cost by adding reasonable vehicle purchase tax and other expenses to market prices of automobiles of the same brands, specifications and models known through enquiry. On the basis of on-site investigation and validation in respect of these vehicles and taking into account their performance, mileage, effective useful lives, maintenance and overhaul conditions, etc., the residual ratio was determined and the final net appraised value was then calculated.

(5) Appraisal of current liabilities

Current liabilities comprised trade payables, staff welfare payable, tax payable, dividend payable, other payables and other current liabilities. The appraisal officers verified the reported liabilities against relevant general ledgers and sub-ledgers. On the basis of the verified book value, the appraised value was determined as the amount of liabilities that will be actually assumed by the appraised entity after the purpose of appraisal has been achieved. In respect of education expenses accounted for under other payables, the appraised value of accounts payable that have been provided for but for which no specific recipients have been identified is zero in accordance with appraisal requirements. The appraised value of other current liabilities was determined as the verified book value. As the appraised value of education expenses payable is zero, the appraised value of current liabilities was RMB275,102.22 less than the book value of current liabilities.

IX. ASSUMPTIONS MADE UNDER THE APPRAISAL

(I) Assumption relating to the transaction: the valuation report assumes that all subject assets are subject of a transaction in process, and the appraiser has conducted valuation based on a simulated market constituted by the terms of the said transaction.

(II) Assumption of an open market: The valuation report assumes that the market that all subject assets will enter is a fully developed and comprehensive market.

(III) Assumption of ongoing use: The valuation report assumes that all subject assets are in use and will continue to be in use.

(IV) Assumption of truth: The valuation report assumes that all information provided by the Principal is true, lawful and complete.

(V) Assumptions relating to the appraisal procedures: In respect of the performance of detailed on-site inspection or, where the performance of on-site investigation is not practicable, the use of information which has not been confirmed by examination or which cannot be confirmed by examination, the valuation report assumes, in respect of the condition of such performance or the truthfulness of such information, the following:

1. In respect of legal descriptions or legal matters pertaining to the appraised assets contained in this valuation report, our Company (the valuer) has conducted general inspection in accordance with requirements of the standards. Other than as disclosed in the working report, it has been assumed that the assets under appraisal has good titles, are tradable in the market and free from any lien, easement, infringement or other encumbrances during the course of appraisal.

2. Our Company assume the credibility of information provided by the Principal and other parties in which all or part of the value appraisal conclusion contained in this valuation report are based, but we do not in any way warrant the truthfulness of such information.

3. Save as disclosed in the valuation report, it has been assumed that the Principal has fully complied with prevailing State and local laws and regulations relating to land planning, land use, land occupation and the environment, as well as other pertinent laws and regulations.

4. Our Company disclaim any responsibility for changes in market conditions, nor are we obliged to revise our valuation report to reflect events or conditions occurring after the valuation date.

5. The estimation of values made in this valuation report is based on the financial structure as at 31 December 2009.

6. It has been assumed that Tianjin Jinzheng Transportation Development Company Limited will perform its obligations as assets owner in a responsible manner and has competently exercised effective management of the assets concerned.

7. Unless agreed between the Principal and our Company in advance, neither us nor any personnel undersigning this working report or involved in this valuation report shall be required to issue further consultation or testimony or to attend a court hearing or other legal proceedings in connection with this valuation report.

8. This valuation report is issued for designated purposes and shall not be used otherwise. The contents of this valuation report shall not be disseminated to any third parties, whether in part or in full, without our prior approval in writing.

9. It has been assumed that all improvements made by Tianjin Jinzheng Transportation Development Company Limited to all its relevant assets are in compliance with all relevant legal terms and other requirements in legal matters, planning or construction work stipulated by relevant competent authorities.

10. The analysis of the value of the aforesaid assets under appraisal set out in this valuation report can only be used in the specific manner described in the valuation report.

11. This valuation report shall be used by report users specified in the engagement letter only and shall not be used or relied upon by any third parties. We disclaim any responsibility for the improper use by any individuals or units in violation of this paragraph.

12. There are no significant changes in the relevant laws, regulations and guiding policies of the State currently in force and the macro-economic conditions of the State will not worsen.

13. There are no other material adverse impact resulting from unforeseeable circumstances and force majeure.

14. There are no significant changes to the prevailing tax laws underlying the estimates made in this valuation report; the tax rates for tax payable shall remain unchanged, and all applicable laws and regulations have been complied with.

15. There are no significant changes to the political, economic and social environment of the regions in which the parties to this transaction are located.

X. APPRAISAL CONCLUSION

According to our valuation, the book values of the assets, liabilities and net assets of Tianjin Jinzheng Transportation Development Company Limited as at 31 December 2009 prior to the valuation amount to RMB1,815,752,400, RMB326,125,800 and RMB1,489,626,600, respectively, and the assessed values of the same after the valuation amount to RMB1,754,399,600, RMB325,850,700 and RMB1,428,548,900, respectively. The assessed net asset value represents an impairment of RMB61,077,700 or 4.10% from the book value.

Collated Valuation Results under the Cost Method

Unit: RMB10,000

Items		Book value A	Assessed value B	Appreciation/ impairment C=B-A	Appreciation rate % D=C/A X 100%
1	Current assets	31,207.32	31,238.44	31.12	0.10
2	Non-current assets	150,367.92	144,201.52	-6,166.40	-4.10
3	Including: Available-for-sale financial assets	—	—	—	
4	Investments held to maturity	—	—	—	
5	Long-term receivables	—	—	—	
6	Long-term equity investments	—	—	—	
7	Investment properties	—	—	—	
8	Fixed assets	150,367.92	144,201.52	-6,166.40	-4.10
9	Construction in progress	—	—	—	
10	Construction materials	—	—	—	
11	Disposal of fixed assets	—	—	—	
12	Biological assets for production	—	—	—	
13	Petroleum and gas	—	—	—	
14	Intangible assets	—	—	—	
15	Development costs	—	—	—	
16	Goodwill	—	—	—	
17	Long-term deferred expenditures	—	—	—	
18	Deferred income tax assets	—	—	—	
19	Other non-current assets	—	—	—	
20	**Total assets**	**181,575.24**	**175,439.96**	**-6,135.28**	**-3.38**
21	Current liabilities	32,612.58	32,585.07	-27.51	-0.08
22	Non-current liabilities	—	—	—	
23	**Total liabilities**	**32,612.58**	**32,585.07**	**-27.51**	**-0.08**
24	**Net assets (shareholders' equity)**	**148,962.66**	**142,854.89**	**-6,107.77**	**-4.10**

XI. SPECIAL NOTES

The following issues which might affect the appraisal conclusion but the appraisal and estimation of which is beyond the professional level and capacity of our appraisal officers have been identified in the course of appraisal.

1. The reference to "appraised value" in this report represents our opinion of the fair value of the assets under appraisal in their existing use as an ongoing concern under the conditions and external economic environment prevailing on the valuation date for the purposes set out in this valuation report.

2. The report is issued on the basis of relevant accounting information provided by the Principal and the appraised entity. The Principal and the appraised entity shall be responsible for the truthfulness, reliability and comprehensiveness of such relevant information. Relevant data adopted in this report are largely dependent on such information, and the appraisal conclusion assumes the truthfulness and completeness of such information. We disclaim any responsibility for any deviation in the appraisal conclusion as a result of such information being erroneous or false. The appraisal conclusion of this report is an objective and fair representation of the appraised enterprise asset value as at the valuation date of 31 December 2009, and we disclaim any responsibility for significant changes in such asset value subsequent to the benchmark date.

3. The appraisal has been conducted in an objective, independent, fair and scientific manner, while the appraisal conclusion has been issued by us, which is subject to the professional level and capacity of the appraisal officers participating in the project. Neither our Company nor any of the officers participating in the appraisal have any special relationships of interests with the assets under appraisal or relevant parties. The appraisal officers have complied with professional ethical standards and performed their duties with their best effort.

4. No litigation, pledge or security to which the assets under appraisal are subject as at the valuation date has been aware of for this valuation report.

5. The reported gross area under the appraisal is 2,938.5 sq. metre. No housing title registration certificates have been applied for. In this appraisal, title ownership was recognized on the basis of relevant statements provided by the unit under appraisal, while on-site verification was conducted in respect of the gross area of the houses. Appraisal and calculations were carried out based on gross area figures provided by the Principal and the appraised entity. In case of discrepancies between the gross area adopted in this appraisal and the gross area stated in the building ownership certificate that might be approved and issued by the real estate administration authorities in future, the gross area stated in the building ownership certificate approved and issued by the real estate administration authorities shall prevail and the appraisal results should adjusted accordingly. Users of the report are asked to be concerned with the aforesaid matters and use the report in a reasonable manner.

6. Pursuant to the "Reply regarding the Exemption of Tianjin Jinzheng Transportation Development Company from Land Rent for Tianjin Eastern Outer Ring Road (Yixingbu — Zhangguizhuang — Jinjing Highway) (Di Ji Zi [97] No. 252) issued by the Tianjin Land Administration, land sites occupied by buildings, roads and bridges of Tianjin Jinzheng Transportation Development Company Limited are exempted from land rents and the area of leased land is 4,099.31 mu during the cooperative joint venture term of 30 years (from 25 October 1997 to 24 October 2027).

7. In the current examination, our Company have conducted survey of the major buildings, bridges and roads. Where examination has been permissible, our Company have examined all readily detachable facilities and equipment of the roads and bridges, equipment and vehicles. Where examination has not been permissible owing to limiting conditions, the status has been determined on the basis of checklists and drawings provided by the enterprise and briefing by professional technical staff. Our Company have not been able to conduct testing of equipment using instruments. Judgments on the conditions of the equipment have been made on the basis of our on-site examination and operational and maintenance records provided by the enterprise only.

8. Where the specific economic activity that concerns this valuation report requires filing with and approval of State-owned assets supervision and administration authorities and the competent authorities for the enterprise, such filing must be completed and such approval obtained before this valuation report may be officially applied.

9. If subsequent events affecting the asset value, such as the damage or destruction of the assets under appraisal as a result of force majeure, occur after the valuation date, the appraisal conclusion shall not be directly applied.

10. In the event of a change in the quantity of the assets within a valid period subsequent to the valuation benchmark date, the asset amount shall be adjusted accordingly in accordance with the original valuation method. In the event of changes in the standard of asset prices which have given rise to a significant impact on the appraised value of the assets, the Principal shall appoint an appraisal institution to conduct a new appraisal in a timely manner.

11. This valuation report provides values for reference solely for the appraisal purpose of this project. Appraised values of equipment represent value included tax (Value-added Tax).

12. This report has been issued on the basis that documents evidencing asset ownership provided by the unit under appraisal are true, legal and valid, and the unit under appraisal shall be responsible for the truthfulness, lawfulness and validity of the documents evidencing asset ownership. The appraisal institution and certified asset appraisers have concerned themselves with the legal titles of the subject of appraisal as necessary and examined information relating to the subject of appraisal and assets involved, but do not provide guarantee in any form in respect of the legal titles of the subject of appraisal.

13. Relevant tax and duties arising from the possible transfer of equity interests that might result from a change (increase/decrease) in the appraised asset value after the purpose of appraisal has been achieved have not been considered in this appraisal.

14. Financial data on which this report is based are extracted from the unqualified audited report (Yue Jin Wai Shen [2008] No. 136) issued by Yuehua Certified Public Accountants Company Limited, Tianjin Branch, the unqualified audited report (Yue Jin Wai Shen [2009] No. 154) issued by China Rightson Certified Public Accountants Company Limited, Tianjin Branch, and the unqualified audited report (Yue Jin Wai Shen [2010] No. 356) issued by China Rightson Certified Public Accountants Company Limited, Tianjin Branch.

15. This report contains certain attachments which form an integral part of this report.

The attention of users of the report is drawn to the above issues.

XII. LIMITATIONS TO THE USE OF THE VALUATION REPORT

1. The valuation report may only be used for the purpose of appraisal in the manner set out in the valuation report. The appraisers for the project and their affiliated appraisal institution disclaim any responsibility for any consequences resulting from the improper use of the valuation report.

2. The valuation report may only be used by valuation report users specified therein.

3. Contents of the valuation report may not be extracted, cited or disclosed in any public media, unless required under laws and regulations and otherwise agreed by the relevant parties.

4. The valuation conclusion of this report shall be valid for 1 year, from 31 December 2009 to 30 December 2010. In the event of the fulfillment of the purpose of appraisal during the valid period, the base price and consideration shall be determined by reference to the appraisal conclusion (taking into account adjustments for events subsequent to the valuation benchmark date). After the 1-year period, a new asset appraisal would have to be conducted.

XIII. DATE OF THE VALUATION REPORT

This valuation report is dated 30 July 2010.

Tianjin Huaxia Jinxin Assets Valuation Company Limited
施耘清
Legal representative of appraisal institution
周世杰
尹琳
PRC certified asset appraiser

Tianjin, China

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors, the interests or short positions of each Director and Chief Executive of the Company or their respective associates in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are 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 are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

(i) Director's interest in the share options granted by the Company

	Date of Grant	Exercise price per Share *HK$*	Number of share options: Held at 01/01/2010	Number of share options: Held at the Latest Practicable Date	Exercise Period	*Note*
Yu Rumin	19/12/2007	8.04	1,000,000	1,000,000	17/01/2008–24/05/2017	(1)
	16/12/2009	5.75	2,000,000	2,000,000	16/12/2009–24/05/2017	(2)
Wu Xuemin	16/12/2009	5.75	1,800,000	1,800,000	16/12/2009–24/05/2017	(2)
Dai Yan	19/12/2007	8.04	900,000	900,000	17/01/2008–24/06/2017	(1)
	16/12/2009	5.75	1,400,000	1,400,000	16/12/2009–24/05/2017	(2)
Zheng Daoquan	19/12/2007	8.04	900,000	900,000	17/01/2008–25/04/2017	(1)
	16/12/2009	5.75	1,400,000	1,400,000	16/12/2009–24/05/2017	(2)
Wang Jiandong	19/12/2007	8.04	600,000	600,000	17/01/2008–24/05/2017	(1)
	16/12/2009	5.75	900,000	900,000	16/12/2009–24/05/2017	(2)
Bai Zhisheng	19/12/2007	8.04	300,000	300,000	17/01/2008–24/05/2017	(1)
	16/12/2009	5.75	500,000	500,000	16/12/2009–24/05/2017	(2)
Zhang Wenli	19/12/2007	8.04	300,000	300,000	17/01/2008–24/05/2017	(1)
	16/12/2009	5.75	500,000	500,000	16/12/2009–24/05/2017	(2)

	Date of Grant	Exercise price per Share *HK$*	Number of share options Held at 01/01/2010	Held at the Latest Practicable Date	Exercise Period	*Note*
Sun Zengyin	19/12/2007	8.04	300,000	300,000	17/01/2008–24/05/2017	(1)
	16/12/2009	5.75	500,000	500,000	16/12/2009–24/05/2017	(2)
Gong Jing	16/12/2009	5.75	500,000	500,000	16/12/2009–14/05/2017	(2)
Wang Zhiyong	16/12/2009	5.75	900,000	900,000	16/12/2009–14/05/2017	(2)
Cheung Wing Yui	19/12/2007	8.04	500,000	500,000	17/01/2008–24/05/2017	(1)
	16/12/2009	5.75	300,000	300,000	16/12/2009–24/05/2017	(2)
Eliza Chan Ching Har	16/12/2009	5.75	300,000	300,000	16/12/2009–24/05/2017	(2)
Cheng Hon Kwan	19/12/2007	8.04	500,000	500,000	17/01/2008–24/05/2017	(1)
	16/12/2009	5.75	300,000	300,000	16/12/2009–24/05/2017	(2)
Mak Kwai Wing	16/12/2009	5.75	300,000	300,000	16/12/2009–24/05/2017	(2)

Notes:

1. Pursuant to the share option scheme of the Company approved by the Shareholders at the annual general meeting held on 25 May 2007 (the "**Scheme**"), a total of 11,900,000 share options were granted on 19 December 2007 and accepted by the above grantees on 17 January 2008, with an exercise price of HK$8.04 and are exercisable from 17 January 2008 to 24 May 2017.

2. Pursuant to the Scheme, a total of 14,200,000 share options were granted on 16 December 2009 and accepted by the above grantees on the same day, with an exercise price of HK$5.75 and are exercisable from 16 December 2009 to 24 May 2017. The closing price of the Shares immediately before the date on which these share options were granted was HK$5.72.

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

*Tianjin Port Development Holdings Limited ("**Tianjin Port**")*

Name of Director	Capacity	Nature of interests	Number of shares held	Approximate percentage of interests to total issued share capital
Wu Xuemin	Interest of spouse	Family interest	10,000	0.00%

(iii) Long position in share options of associated corporations of the Company

Tianjin Port

Name of Director	Capacity	Nature of interests	Number of shares	Approximate percentage of interests to total issued share capital
Yu Rumin	Beneficial owner	Personal interest	2,300,000	0.04%
Dai Yan	Beneficial owner	Personal interest	1,100,000	0.02%

Dynasty Fine Wines Group Limited

Name of Director	Capacity	Nature of interests	Number of shares	Approximate percentage of interests to total issued share capital
Bai Zhisheng	Beneficial owner	Personal interest	2,300,000	0.18%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Chief Executive or their respective associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, so far as was known to the Directors, the following Directors were also directors or employees of a company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Director	Position in Tsinlien
Wu Xuemin	Director
Dai Yan	Director
Zheng Daoquan	Director

3. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors has 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, the Company or any of its subsidiaries since 31 December 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

4. DIRECTORS' INTERESTS IN MATERIAL CONTRACTS

As at the Latest Practicable Date, none of the Directors is materially interested, whether directly or indirectly, in any contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any members of the Group which does not expire or is not determinable by the relevant member of the Group within one year without compensation, other than statutory compensation.

6. LITIGATIONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries as engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. COMPETING INTEREST

With the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

(1) a conditional sale and purchase agreement dated 16 March 2009 entered into between Tianjin Port, a listed subsidiary of the Company, Grand Point Investment Limited ("**Grand Point**") and Tianjin Port (Group) Co., Ltd, pursuant to which Tianjin Port, through its wholly-owned subsidiary Grand Point, agreed to conditionally acquire from Tianjin Port (Group) Co., Ltd 951,512,511 shares in Tianjin Port Holdings Co., Ltd, representing 56.81% in its registered share capital, for a total consideration of HK$10,961 million;

(2) a capital injection agreement dated 30 December 2009 entered into between Tianjin Tai Kang Industrial Co., Ltd.* (天津泰康實業有限公司) ("**Tai Kang**"), a non wholly owned subsidiary of the Company, and Tianjin Benefo Tejing Electric Co., Ltd.* (天津百利特精電氣股份有限公司) ("**Benefo**"), a connected person of the Company, pursuant to which Tai Kang and Benefo agreed to inject an aggregate capital in the sum of RMB68,000,000 in cash and/or in assets in Tianjin

* *For identification purpose only*

Bai Li Equipment Company Limited* (天津市百利開關設備有限公司), in which the Company indirectly holds 24.46% effective equity interest, in proportion to the respective shareholding of Tai Kang and Benefo in the said company; and

(3) the Agreement.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

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
Jinxin	an independent valuer

The letters and recommendations given by Access Capital and Jinxin are given for incorporation in this circular. Each of Access Capital and Jinxin has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Access Capital and Jinxin was not interested in any shares or shares in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any share or share in any member of the Group.

As at the Latest Practicable Date, each of Access Capital and Jinxin did not have any direct or indirect interest in any asset which had been acquired or disposed of by or leased to any member of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Company were made up.

10. GENERAL

(a) The registered office of the Company is at Suites 3607–13, 36/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

(b) The share registrar and transfer office of the Company is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(c) The secretary of the Company is Mr. Tuen Kong, Simon, who is also the chief financial officer of the Company.

(d) The valuation report in Appendix II is prepared in Chinese. In case of inconsistency between the Chinese version and its English translation, the Chinese version shall prevail.

(e) The English language text of this circular (except Appendix II) shall prevail over the Chinese language text in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Woo Kwan Lee & Lo, whose address is 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours within 14 days from the date of this circular:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the years ended 31 December 2008 and 31 December 2009 respectively;

(c) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(d) the letter from Access Capital, the text of which is set out on pages 11 to 19 of this circular;

(e) the valuation report by Jinxin, the text of which is set out on pages 22 to 49 of this circular; and

(f) the consent letters of Access Capital and Jinxin referred to in the paragraph headed "Qualifications and Consents of Experts" in this Appendix.