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.

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

天津發展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

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

(Stock Code: 882)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 21.83% EQUITY INTERESTS IN TIANJIN TIANDUAN PRESS CO., LTD.

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

Investec

A letter from the Board is set out on pages 4 to 10 of this circular.

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

A letter from Investec containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 24 of this circular.

11 November 2011

CONTENTS

Pages

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

"Acquisition"	acquisition of the Equity Interest by Tianjin Tai Kang through injection of the Consideration into Tianjin Tianduan pursuant to the Agreement
"Agreement"	the capital injection agreement between Tianjin Tai Kang, Tianjin Benefo and Mr. Wu dated 11 October 2011 in relation to the Acquisition
"Board"	the board of Directors
"Capital Increase"	the capital injection from the Parties into Tianjin Tianduan in an aggregate amount of approximately RMB389,016,000 (equivalent to approximately HK$476,105,000) pursuant to the terms of the Agreement
"Company"	Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the cash amount of RMB135,000,000 (equivalent to approximately HK$165,222,000) to be provided by Tianjin Tai Kang in relation to the Capital Increase pursuant to the Agreement
"Directors"	the directors of the Company
"Effective Date"	the date on which the Agreement shall be effective, being the first date when all conditions under the section "Conditions and Completion" in the letter from the Board in this circular are fulfilled
"Equity Interest"	21.83% of the registered share capital of Tianjin Tianduan after the Capital Increase
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administration Region of the PRC
"Independent Board Committee"	an independent board committee comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders on the Agreement

"Independent Shareholders"	all the Shareholders as no Shareholder is required to abstain from voting in relation to the approval of the Acquisition
"Investec" or "Independent Financial Adviser"	Investec Capital Asia 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 and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
"Latest Practicable Date"	9 November 2011, 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
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers
"Mr. Wu"	Wu Ri, a PRC citizen holding 21.55% of the registered share capital of Tianjin Tianduan before the Capital Increase
"m^2"	square metres
"Parties"	the parties to the Agreement, namely Tianjin Tai Kang, Tianjin Benefo and Mr. Wu
"PRC"	the People's Republic of China, and for the purposes of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"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)"	the shareholders of the Company from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in the Listing Rules

"Tianjin Benefo"	Tianjin Benefo Machinery & Electric Holding Co., Ltd. (天津百利機電控股集團有限公司), a company incorporated in the PRC with limited liability holding 78.45% of the registered share capital of Tianjin Tianduan before the Capital Increase
"Tianjin SASAC"	State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government
"Tianjin Tai Kang"	Tianjin Tai Kang Industrial Co., Ltd. (天津泰康實業有限公司), a company incorporated in the PRC with limited liability, 82.74% of which is held by the Company
"Tianjin Tianduan"	Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司), a company incorporated in the PRC with limited liability
"Tsinlien"	Tsinlien Group Company Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company directly and indirectly holding approximately 54.66% of the issued share capital of the Company
"Vigers" or "Valuer"	Vigers Appraisal & Consulting Limited, an independent third party and a valuer firm with asset valuation qualification in Hong Kong
"%"	per cent.

In this circular, RMB has been translated to HK$ at the rate of RMB0.81708 = HK$1.00 for illustration purpose. No representation is made that any amounts in RMB or HK$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

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
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, Edward
Dr. Chan Ching Har, Eliza

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

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

11 November 2011

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 21.83% EQUITY INTERESTS IN TIANJIN TIANDUAN PRESS CO., LTD.

INTRODUCTION

Reference is made to the announcement of the Company dated 11 October 2011 in relation to the Acquisition.

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

THE ACQUISITION

On 11 October 2011, Tianjin Tai Kang, a non wholly-owned subsidiary of the Company, entered into the Agreement with Tianjin Benefo and Mr. Wu to inject a cash amount of RMB135,000,000 (equivalent to approximately HK$165,222,000) into Tianjin Tianduan to acquire the Equity Interest, representing 21.83% of the registered share capital of Tianjin Tianduan (after the Capital Increase), subject to the terms and conditions of the Agreement.

THE AGREEMENT

Date

11 October 2011

Parties

(1) Tianjin Tai Kang, a non wholly-owned subsidiary of the Company;

(2) Tianjin Benefo; and

(3) Mr. Wu.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, Mr. Wu is a third party independent of the Company and connected persons of the Company.

Information on Tianjin Tianduan

Tianjin Tianduan is a company incorporated in the PRC with limited liability. Before the Capital Increase, it has a registered capital of RMB18,830,000 (equivalent to approximately HK$23,045,000) of which 78.45% is owned by Tianjin Benefo and 21.55% by Mr. Wu. Tianjin Tianduan is principally engaged in the manufacture and sale of presses and mechanical equipment, repair, installation, research and provision of consultation services of presses and wholesale and retail of accessories of presses.

Currently, there are seven members on the board of directors of Tianjin Tianduan. The board of directors holds the rights to, among others, monitor the operational and financial performance of Tianjin Tianduan. After the Capital Increase, Tianjin Tai Kang will appoint two directors to Tianjin Tianduan and the Directors believe that the Group will exert sufficient influence to monitor the operations of Tianjin Tianduan through Tianjin Tai Kang's representation on the board of directors of Tianjin Tianduan.

In accordance with the Hong Kong Financial Reporting Standards, the summary of the financial information of Tianjin Tianduan for the financial years ended 31 December 2010 and 2009 is set out in the following table:

	For the year ended 31 December	
	2010	**2009**
	RMB	*RMB*
	(Unaudited)	*(Audited)*
Revenue	675,912,000	399,324,000
Cost of sales	(552,575,000)	(309,611,000)
Gross profit	123,337,000	89,713,000
Profit before taxation	17,780,000	4,029,000
Profit after taxation	16,728,000	5,801,000
Net asset value	82,350,000	65,622,000

Revenue of Tianjin Tianduan for the year ended 31 December 2010 increased by approximately 69.3% to approximately RMB675,900,000. The management of the Group understands that as the product inspection reports for certain orders delivered in late 2009 were only completed in 2010, revenue for these orders was recognised in 2010 to conform to the requirements under the relevant accounting standards which led to a significant increase in revenue in 2010.

Profit after taxation increased by 188.4% to approximately RMB16,700,000 for the year ended 31 December 2010. The increase in revenue was partly off-set by increases in wage rates, costs of raw materials, depreciation expenses for new production equipment and research and development expenses for new products.

The value of the entire interest of Tianjin Tianduan before the Capital Increase as valued by Vigers as at 4 October 2011 was approximately RMB231,560,000 (equivalent to approximately HK$283,399,000).

Tianjin Tianduan currently owns two industrial buildings with a gross floor area of approximately 17,231 m^2 located on the land owned by and to be injected by Tianjin Benefo pursuant to the Agreement. The net book value of the said buildings as at 31 December 2010 was approximately RMB80,000,000 (equivalent to approximately HK$97,910,000). The Real Estate Ownership Certificates of the said buildings have not yet been obtained and Tianjin Tianduan intends to apply for the same upon completion of the Acquisition. Tianjin Tianduan has all the access to and uses of the two buildings at all times and the ownership of the buildings has never been disputed. Based on the legal advice provided by the PRC legal adviser of the Company, Tianjin Tianduan holds title to the two buildings and no major obstacles are expected in the application for the Real Estate Ownership Certificates.

The management of the Company is of the view that the lack of Real Estate Ownership Certificates would not affect the operations of Tianjin Tianduan and is not considered a material factor for the Acquisition.

Consideration and Capital Increase

Pursuant to the Agreement, the Parties have agreed to inject an aggregate amount of approximately RMB389,016,000 (equivalent to approximately HK$476,105,000), amongst which Tianjin Tai Kang and Mr. Wu agree to inject a cash amount of RMB135,000,000 (equivalent to approximately HK$165,222,000) and approximately RMB83,833,000 (equivalent to approximately HK$102,601,000) respectively and Tianjin Benefo agrees to inject land and properties with an agreed value of approximately RMB170,183,000 (equivalent to approximately HK$208,282,000), a slight discount on the valuation of such land and properties assessed by Vigers.

Tianjin Benefo shall apply for the transfer of land and properties as capital injection within 3 days from the Effective Date and, within 5 days after completion of such transfer, each of Tianjin Tai Kang and Mr. Wu shall pay his respective share of the Capital Increase in cash to Tianjin Tianduan pursuant to the Agreement.

The Consideration is determined after arm's length negotiations between the Parties and taking into account various factors, including but not limited to the valuation value of the Equity Interest, relevant PRC legal requirements on sale and purchase of state assets and the leading sales performance of and advanced technology and facilities owned by Tianjin Tianduan as compared with other producers in the industry. The Consideration will be financed by the internal resources of Tianjin Tai Kang.

After the Capital Increase, the registered share capital of Tianjin Tianduan will be increased from RMB18,830,000 (equivalent to approximately HK$23,045,000) to approximately RMB50,776,000 (equivalent to approximately HK$62,143,000) with the remaining amount of approximately RMB357,070,000 (equivalent to approximately HK$437,007,000) being the capital reserve of Tianjin Tianduan. Tianjin Tai Kang, Tianjin Benefo and Mr. Wu will hold 21.83%, 56.62% and 21.55% of the registered share capital of Tianjin Tianduan respectively after the Capital Increase.

Conditions and Completion

Completion of the Acquisition shall be conditional upon the following unless otherwise waived by written consent of the Parties:

(1) the valuation of the land and properties of Tianjin Benefo as its capital injection into Tianjin Tianduan has been completed and approved by Tianjin SASAC;

(2) the valuation of the equity value of Tianjin Tianduan has been completed and approved by Tianjin SASAC;

(3) Tianjin SASAC (or other regulatory units authorized by Tianjin SASAC) has approved the Capital Increase;

(4) other relevant PRC government authorities have approved the Capital Increase (if required); and

(5) the approvals of the Board and/or the Shareholders have been obtained (if required).

If the Capital Increase is not completed within 6 months from the Effective Date, the Agreement shall be terminated and the Parties shall not be required to inject any capital into Tianjin Tianduan pursuant to the Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

With the rapid development of various industries in the PRC including aerospace, aviation and shipping and the key focus of the PRC government on the research of high-end CNC machine tools, the demand for all kinds of hydraulic presses, in particular the heavy numerically controlled hydraulic presses, is expected to continue to rise and the existing capacity of Tianjin Tianduan is unable to meet the increasing market demand. A continuing growth in the export of Tianjin Tianduan's products to overseas markets is also expected. Therefore it is sought to improve the level of capital and production capacity of Tianjin Tianduan by joining up with Tianjin Tai Kang as a strategic shareholder to accelerate the production of heavy numerically controlled hydraulic presses.

The management of the Group has noted the impact of the decrease in supplement income from the local government on the utility operations of the Group as detailed in the annual report of the Company for the year ended 31 December 2010, while the profit contribution from elevators and escalators segment has shown a positive trend. The management has devised a strategy to further invest in the electrical and mechanical industry in the PRC and identified Tianjin Tianduan, which specialises in the manufacture and sales of presses, as an appropriate investment opportunity.

The Board considers that the Acquisition is part of the Group's strategy to further invest in the electrical and mechanical industry in the PRC. The injection of the land and properties by Tianjin Benefo into Tianjin Tianduan will be a solid foundation for the long term development of Tianjin Tianduan. By acquiring the Equity Interest, the Company will further benefit from the operations of Tianjin Tianduan and the Board believes that the Acquisition would create synergistic benefits and bring sustainable return to the Company in the long run.

None of the Directors had a material interest in the Agreement and the transactions contemplated thereunder or, is required to abstain from voting on the Board resolution for considering and approving the same.

GENERAL

The principal activity of the Company is investment holding. The principal activities of the Group are (i) utility operations including supply of water, electricity and heat and thermal power; (ii) hotel operations; and (iii) strategic and other investments including investments in the production and sale of winery products, and elevators and escalators and provision of port services in Tianjin.

The principal activities of Tianjin Benefo are manufacturing mechanic and electrical appliances, heavy duty plants and machineries, high-end machine tools and providing related services.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, Tianjin Benefo is holding 17.26% equity interest in Tianjin Tai Kang and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition 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 Acquisition 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 Acquisition; 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.

Independent Shareholders' approval

As at the Latest Practicable Date, Tsinlien, a substantial Independent Shareholder directly and indirectly holding 583,461,143 Shares (representing approximately 54.66% of the entire issued share capital of the Company), has given its written approval for the Acquisition 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 Acquisition, the Company has been granted by the Stock Exchange a waiver pursuant to Rule 14A.43 of the Listing Rules that written Independent Shareholders' approval for the Acquisition may be obtained by means of written approval from Tsinlien in lieu of holding a general meeting.

The Board considers that the terms of the Acquisition 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 Acquisition, the Agreement and the transactions contemplated thereunder if an extraordinary general meeting of the Company were to be convened.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

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

Your attention is drawn to (i) the letter from the Independent Board Committee dated 11 November 2011 set out on page 11 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; and (ii) the letter from Investec dated 11 November 2011 as set out on pages 12 to 24 of this circular which contains the recommendation from Investec to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the principal factors and reasons considered by Investec in arriving at its recommendation.

Having taken into account the factors and reasons considered by, and the opinion of Investec as stated in its letter, the Independent Board Committee considers that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Agreement 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 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)

11 November 2011

To the Independent Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 21.83% EQUITY INTERESTS IN TIANJIN TIANDUAN PRESS CO., LTD.

We refer to the circular of the Company to the Shareholders dated 11 November 2011 (the "Circular"), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Acquisition 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 Investec, Independent Financial Advisor, as set out on pages 12 to 24 of the Circular and the letter from the Board as set out on pages 4 to 10 of the Circular.

Having taken into account the factors and reasons considered by, and the opinion of Investec as stated in its letter, we consider that the Agreement is on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and that the transactions contemplated under the Agreement are in the interests of the Company and the Shareholders as a whole and we would recommend the Independent Shareholders to vote in favour of the resolution approving the Acquisition, the Agreement and the transactions contemplated thereunder if the Company were to convene a general meeting for the approval of the Acquisition.

Yours faithfully,
The Independent Board Committee
Tianjin Development Holdings Limited
Dr. Cheng Hon Kwan **Mr. Mak Kwai Wing, Alexander** **Ms. Ng Yi Kum, Estella**
Independent Non-executive Directors

The following is the text of the letter of advice from Investec to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder prepared for the purpose of incorporation in this circular.

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www.investec.com

11 November 2011

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

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 21.83% EQUITY INTEREST IN TIANJIN TIANDUAN PRESS CO., LTD.

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement, details of which are set out in the letter from the Board (the "Letter from the Board") contained in the circular to the Shareholders dated 11 November 2011 (the "Circular"), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder. Unless the context otherwise requires, terms used in this letter have the same meanings as those defined in the Circular.

On 11 October 2011, Tianjin Tai Kang, a non wholly-owned subsidiary of the Company, Tianjin Benefo and Mr. Wu entered into the Agreement (together, the "Parties"), pursuant to which the Parties agreed to inject an aggregate amount of approximately RMB389,016,000 (equivalent to approximately HK$476,105,000) into Tianjin Tianduan, amongst which Tianjin Tai Kang and Mr. Wu agreed to inject a cash amount of RMB135,000,000 (equivalent to approximately HK$165,222,000) and approximately RMB83,833,000 (equivalent to approximately HK$102,601,000) respectively and Tianjin Benefo agreed to inject land and properties with an agreed value of approximately RMB170,183,000 (equivalent to approximately HK$208,282,000).

Before the Capital Increase, Tianjin Tianduan is owned as to 78.45% and 21.55% by Tianjin Benefo and Mr. Wu respectively. After the Capital Increase, Tianjin Tai Kang, Tianjin Benefo and Mr. Wu will hold 21.83%, 56.62% and 21.55% of the registered share capital of Tianjin Tianduan respectively.

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Tianjin Benefo is currently holding 17.26% equity interest in Tianjin Tai Kang and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition 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.

As at the Latest Practicable Date, Tsinlien, a substantial Independent Shareholder directly and indirectly holding 583,461,143 Shares (representing approximately 54.66% of the entire issued share capital of the Company), has given its written approval for the Acquisition pursuant to Rule 14A.43 of the Listing Rules. 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 Acquisition.

THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of fourteen Directors, namely Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, 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, Edward and Dr. Chan Ching Har, Eliza as non-executive directors; and Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing, Alexander and Ms. Ng Yi Kum, Estella as independent non-executive Directors.

The Independent Board Committee comprising all independent non-executive Directors, namely, Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing, Alexander 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 Acquisition is in the interests of the Company and the Shareholders as a 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 Agreement for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders.

Apart from the normal advisory fee payable to us in connection with our appointment, with the approval of the Independent Board Committee, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS AND ASSUMPTIONS OF THE ADVICE

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

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

Regarding the valuation reports as set out in Appendices I and II to the Circular, we have taken all reasonable steps pursuant to note 1(d) to Rule 13.80 of the Listing Rules and we are not aware of any issues that shall be brought to the Independent Shareholders' attention. The steps taken by us include the followings:

(i) interviewing the Valuer including as to its expertise and any current or prior relationships with the Company, other parties to the Agreement and connected persons of either the Company or other parties to the Agreement;

(ii) reviewing the terms of the engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuer's reports); and

(iii) save for the information as disclosed in the Circular, in particular the background and financial information of Tianjin Tianduan, we are not aware that the Company or other parties to the Agreement has made formal or informal representations to the Valuer.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the Agreement, we have taken into consideration the following principal factors:

1. Background information

(i) Information of the Group

The principal activity of the Company is investment holding. The principal activities of the Group are (i) utility operations including supply of water, electricity and heat and thermal power; (ii) hotel operations; and (iii) strategic and other investments including investments in the production and sale of winery products, and elevators and escalators and provision of port services in Tianjin, the PRC.

Set out below is a summary of financial highlights of the Group for the two financial years ended 31 December 2009 and 2010 and the six months ended 30 June 2011, as extracted from the annual report of the Company for the financial year ended 31 December 2010 ("Annual Report 2010") and the interim report of the Company for the six months ended 30 June 2011 ("Interim Report 2011").

Table A: Financial highlights of the Group

	For the six months ended 30 June	For the year ended 31 December	
	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	*(Audited)*	*(Audited)*
Revenue	1,703,808	3,223,034	2,841,186
Cost of sales	(1,596,332)	(2,972,789)	(2,522,990)
Gross Profit	107,476	250,245	318,196
Share of profits of associates and jointly controlled entities			
— Elevators and escalators	244,666	359,321	265,065
— Other segments	103,602	172,322	67,301
	348,268	531,643	332,366
Profit for the year/period from continuing operations	257,547	462,861	425,453
Profit/(loss) for the year/period	257,547	451,490	(221,017)

For the year ended 31 December 2010, the revenue of the Group was approximately HK$3,332.0 million, representing an increase of 13.4% over the previous year. The increase in revenue was driven by the growth in quantity of electricity and steam sold by the Group's utility operations. 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$462.9 million (2009: approximately HK$424.5 million).

For the six months ended 30 June 2011, revenue of the Group was approximately HK$1,703.8 million, representing an increase of approximately 4.4% over that of same period in 2010. The Company benefited from an increase in the demand for its supplies of utilities, in particular, the electricity and water operations. Profit for the Group from continuing operations for the six months ended 30 June 2011 was approximately HK$257.5 million, representing a decrease of approximately 19.5% compared to the same period in 2010. The decrease was attributable to the decrease in supplement income from the financial bureau of Tianjin Economic and Technological Development Area as a result of a change in local government policy.

The management of the Group has noted the impact of the decrease in supplement income from the local government on the utility operations of the Group, while the profit contribution from elevators and escalators segment has shown a positive trend. The management has devised a strategy to further invest in the electrical and mechanical industry in the PRC and identified Tianjin Tianduan, which specialises in the manufacture and sales of presses, as an appropriate investment opportunity. Additional information in the Acquisition is set out in the paragraph headed "(iii) Reasons for the Acquisition" below.

(ii) Information of Tianjin Tianduan

Tianjin Tianduan is principally engaged in the manufacture and sale of presses and mechanical equipment, repair, installation, research and provision of consultation services of presses and wholesale and retail of accessories of presses. Before the Capital Increase, Tianjin Tianduan has a registered capital of RMB18,830,000 (equivalent to approximately HK$23,045,000) of which 78.45% is owned by Tianjin Benefo and 21.55% by Mr. Wu. An independent valuer has been appointed by the Company to evaluate the value of the entire equity interest in Tianjin Tianduan. According to the valuation report prepared by the Valuer, as set out in Appendix I to the Circular, the market value of the entire equity interest in Tianjin Tianduan (before Capital Increase) was approximately RMB231,560,000 (equivalent to approximately HK$283,399,000).

Summarised below is the financial information of Tianjin Tianduan for the two financial years ended 31 December 2009 and 2010, prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December	
	2010	**2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Revenue	675,912	399,324
Cost of sales	(552,575)	(309,611)
Gross Profit	123,337	89,713
Profit after taxation	16,728	5,801
Net asset value	82,350	65,622

Revenue of Tianjin Tianduan for the year ended 31 December 2010 increased by approximately 69.3% to approximately RMB675.9 million. The management of the Group understands that as the product inspection reports for certain orders delivered in late 2009 were only completed in 2010, revenue for these orders was recognised in 2010 to conform to the requirements under the relevant accounting standards which led to the significant increase in revenue in 2010.

Profit after taxation increased by 188.4% to approximately RMB16.7 million for the year ended 31 December 2010. The increase in revenue was partly off-set by increases in wage rates, costs of raw materials, depreciation expenses for new production equipment and research and development expenses for new products.

(iii) Reasons for the Acquisition

Tianjin Tianduan is principally engaged in the manufacture and sale of presses and mechanical equipment, repair, installation, research and provision of consultation services of presses and wholesale and retail of accessories of presses.

As stated in the Letter from the Board, the Acquisition is in line with the Group's strategy to further invest in the electrical and mechanical industry in the PRC. Given the rapid development of various industries in the PRC including aerospace, aviation and shipping and the focus of the PRC government on the research of high-end CNC machine tools, the Board expects Tianjin Tianduan would benefit from the rise in demand for all kinds of hydraulic presses, especially the heavy numerically controlled hydraulic presses. Tianjin Tianduan would use the proceeds from the Acquisition for further acquisition of plant and machinery and general working capital to support future growth. The Board believes that the

Capital Increase, of which the Acquisition forms part, will improve the level of capital and production capacity of Tianjin Tianduan and meet the increasing market demand.

Currently, there are seven members on the board of directors of Tianjin Tianduan. The board of directors holds the rights to, among others, monitor the operational and financial performance of Tianjin Tianduan. Tianjin Tai Kang will appoint two directors to Tianjin Tianduan. The Directors believe the Group will exert sufficient influence to monitor the operations of Tianjin Tianduan through Tianjin Tai Kang's representation on the board of directors of Tianjin Tianduan.

(iv) Fixed asset and industrial investment in the PRC

According to reports by the National Bureau of Statistics of the PRC, the fixed asset investment in the PRC has grown by approximately 24.4% to approximately RMB24.1 trillion in 2010. In the first six months of 2011, fixed asset investment in the PRC amounted to approximately RMB12.4 trillion, representing a growth of approximately 25.6% over the same period in 2010.

Based on a report by the the Ministry of Industry and Information Technology of the PRC, industrial fixed asset investment in the PRC amounted to approximately RMB9.9 trillion in 2010, representing a growth of approximately 22.8% over 2009. For the first six months of 2011, industrial fixed asset investment was approximately RMB5.3 trillion, representing a growth of approximately 26.9% over the same period in 2010.

As Tianjin Tianduan is engaged in the manufacture and sale of hydraulic presses and related operations, which are used in various industrial sectors, the management of the Company believes that the continued growth in fixed asset investment would provide a growing market for Tianjin Tianduan's products.

Moreover, as set out in the twelfth five year plan* (十二五規劃), the PRC Government has designated the modernisation of the manufacturing sector, including the transportation, shipping and heavy machinery industries, as an important direction of PRC governmental policies from 2011 to 2015. The hydraulic press industry is also an area for development under the twelfth five year plan.

With reference to the rapid development of various industries in the PRC, as evidenced by the continued growth of fixed asset investment in the PRC, and the future government policies, the Directors are of the view that Tianjin Tianduan will benefit from the rise in demand for hydraulic presses. By extending the capital level and production capacity through the Capital Increase, Tianjin Tianduan would be in a better position to meet the expected increase in demand and expand its operations.

Taking into account the background to, and reasons for, the Acquisition, including (i) information of Tianjin Tianduan and the Acquisition being part of the Group's strategy to further invest in the electrical and mechanical industry in the PRC; (ii) the fair values of the equity interest (before Capital Increase) of Tianjin Tianduan and the land and properties to be injected representing slight premiums to the valuations used in the Capital Increase as detailed under the section headed "Evaluation of the Consideration" below; and (iii) the continued growth of the fixed asset investment in the PRC, we concur with the view of the Directors that entering into the Agreement is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Agreement

Date 11 October 2011

Parties
(1) Tianjin Tai Kang, a non wholly-owned subsidiary of the Company;
(2) Tianjin Benefo; and
(3) Mr. Wu

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, Mr. Wu is a third party independent of the Company and connected persons of the Company.

Subject

The Capital Increase, being the aggregate amount of approximately RMB389,016,000 (equivalent to approximately HK$476,105,000).

Consideration and Capital Increase

Tianjin Tai Kang and Mr. Wu agreed to inject a cash amount of RMB135,000,000 (equivalent to approximately HK$165,222,000) and approximately RMB83,833,000 (equivalent to approximately HK$102,601,000) respectively, and Tianjin Benefo agreed to inject land and properties with an agreed value of approximately RMB170,183,000 (equivalent to approximately HK$208,282,000).

As stated in the Letter from the Board, the Consideration is determined after arm's length negotiations between the Parties and taking into account various factors, including but not limited to the valuation of the Equity Interest, relevant PRC legal requirements on sale and purchase of state assets and the leading sales performance of and advanced technology and facilities owned by Tianjin Tianduan as compared with other producers in the industry.

The Consideration, being the RMB135,000,000 (equivalent to approximately HK$165,222,000) of cash, to be provided by Tianjin Tai Kang in relation to the Capital Increase, will be financed by internal resources of Tianjin Tai Kang.

After the Capital Increase, the registered share capital of Tianjin Tianduan will be increased from RMB18,830,000 (equivalent to approximately HK$23,045,000) to approximately RMB50,776,000 (equivalent to approximately HK$62,143,000) with the remaining amount of approximately RMB357,070,000 (equivalent to approximately HK$437,007,000) being the capital reserve of Tianjin Tianduan. Tianjin Tai Kang, Tianjin Benefo and Mr. Wu will hold 21.83%, 56.62% and 21.55% of the registered share capital of Tianjin Tianduan respectively after the Capital Increase.

Evaluation of the Consideration

For the purpose of assessing the fairness and reasonableness of the Consideration and the Equity Interest, the Valuer was appointed to evaluate the market value of (i) the equity interest of Tianjin Tianduan (before the Capital Increase); and (ii) the land and properties to be injected by Tianjin Benefo into Tianjin Tianduan as at 4 October 2011.

(i) Equity interest of Tianjin Tianduan (before Capital Increase)

We have reviewed the valuation report prepared by the Valuer as set out in Appendix I to this Circular. We have also discussed with the Valuer regarding the methodology of, and bases and assumptions adopted for, the valuation of the equity interest in Tianjin Tianduan as contained in the report. The Valuer has considered three different generally accepted valuation methods, namely the income approach, the market approach and the cost approach in arriving at the market value of the entire equity interest in Tianjin Tianduan (before Capital Increase). We note that the Valuer considers that it is inappropriate to adopt the cost approach for the purpose of valuing the entire equity interest in Tianjin Tianduan (before Capital Increase) as the cost approach does not reflect the market value of Tianjin Tianduan as a going-concern entity. The Valuer considers the market approach and the income approach are both appropriate, but the Valuer chooses the market approach as the approach makes direct reference to the comparables in which their value can be directly observed from the open market, while the income approach is reliant on financial estimate and cash flow projection. Based on our discussion with the Valuer, we understand the above-mentioned approach is a commonly adopted approach for valuation of equity interests and we consider that the methodology used to value the equity interest in Tianjin Tianduan is generally in line with market practice.

In assessing the market value of the entire equity interest in Tianjin Tianduan (before Capital Increase), the Valuer has identified five comparable companies within the same or similar industry as Tianjin Tianduan. Of the five comparable companies, the Valuer has selected two comparable companies (the "Selected Comparables") as the relevant comparables as the Selected Comparables focus on the manufacturing of hydraulic presses and are of similar size as Tianjin Tianduan and therefore serve as better indication value than the other comparables. Please refer to the valuation report as set out in Appendix I to this Circular for the details of the comparables.

By adopting the market-approach, the Valuer has selected enterprise value to earnings before interest, tax, depreciation and amortization multiple (the "EV/EBITDA Ratio") as the appropriate multiple. We have discussed with the Valuer and understand that the EV/EBITDA Ratio adopted in determining the fair value of Tianjin Tianduan (before Capital Increase) (the "Tianduan Ratio") was based on a number of factors, in particular, the average EV/EBITDA Ratio of the Selected Comparables. In addition, we note that the Valuer has made further adjustment to the EV/EBITDA Ratio of the Selected Comparables to derive the Tianduan Ratio, which takes into consideration the valuation difference between the markets the Selected Comparables and Tianjin Tianduan operate in, the discount for a private firm, the lack of marketability or other possible factors that may affect the equity value of Tianjin Tianduan (before Capital Increase). The Valuer has confirmed that the EV/EBITDA Ratio is commonly used in the valuation of companies similar to Tianjin Tianduan.

Moreover, the Valuer has further applied a marketability discount of 30% to arrive at the market value of equity interest in Tianjin Tianduan to reflect the differences in marketability and size of operations between Tianjin Tianduan, which is a private company, and the Selected Comparables, which are public companies. The Valuer has confirmed that the marketability discount is within the range of market practice.

Based on our discussions with the Valuer, taking into account that (a) the Tianduan Ratio adopted by the Valuer was determined by reference to, amongst other factors, (i) the average EV/EBITDA Ratio of the Selected Comparables; and (ii) a discount to the average EV/EBITDA Ratio of the Selected Comparables; and (b) the additional marketability discount being in line with market practice, we consider the adoption of the market approach, including the basis of the Tianduan Ratio and the marketability discount, to value the market value of the entire equity interest in Tianjin Tianduan (before Capital Increase) to be appropriate.

As assessed by the Valuer, the market value of the entire equity interest in Tianjin Tianduan (before Capital Increase) was approximately RMB231,560,000 (equivalent to approximately HK$283,399,000).

Based on the independent valuation of the entire equity interest of Tianjin Tianduan before the Capital Increase of approximately RMB231,560,000 (equivalent to approximately HK$283,399,000) and the Capital Increase of RMB389,016,000 (equivalent to approximately HK$476,105,000), the implied equity interest in Tianjin Tianduan of the Consideration of RMB135,000,000 (equivalent to approximately HK$165,222,000) to be provided by Tianjin Tai Kang would be approximately 21.75% after the Capital Increase (the "Theoretical Interest"). We understand from the management of the Group that, after arm's length negotiation between the Parties, Tianjin Tai Kang would obtain 21.83% equity interest in Tianjin Tianduan after Capital Increase, which is slightly higher than the Theoretical Interest.

For illustration purposes only, set out below is (i) the equity interest in Tianjin Tianduan before Capital Increase; (ii) the respective Theoretical Interest in Tianjin Tianduan after taking into account (a) the independent valuation and (b) the Capital Increase; and (iii) the respective equity interest in Tianjin Tianduan as per Agreement:

	Before Capital Increase	**Independent valuation *(Note 1)***	**Capital Increase**	**Valuation after Capital Increase**		
		(A)	(B)	(A) + (B)	[(A) + (B)]/C	
	%	*RMB*	*RMB*	*RMB*	*%* (Theoretical Interest)	*%* (Per Agreement)
Tianjin Tai Kang	—	—	135,000,000	135,000,000	21.75%	21.83%
Tianjin Benefo	78.45%	181,658,820	170,183,000	351,841,820	56.70%	56.62%
Mr. Wu	21.55%	49,901,180	83,833,000	133,734,180	21.55%	21.55%
	100.00%	231,560,000	389,016,000	620,576,000(C)	100.00%	100.00%

Note 1: The theoretical value in Tianjin Tianduan held by Tianjin Benefo and Mr. Wu was calculated based on their respective shareholdings in Tianjin Tianduan after taking into account the independent valuation of approximately RMB231,560,000 but before the Capital Increase.

(ii) Land and properties to be contributed by Tianjin Benefo (the "Land and Properties")

The Land and Properties include a piece of land with an area of approximately 180,072m^2 and six industrial buildings with a total gross floor area of approximately 35,109m^2 in Tianjin, the PRC. We understand from the management of the Group that Tianjin Tianduan currently leases the Land and Properties from Tianjin Benefo as part of the production plant.

The Land and Properties are also valuated by the Valuer. We have reviewed the valuation report prepared by the Valuer as set out in Appendix II to this Circular. We have also discussed with the Valuer and understand that the Valuer has adopted the market approach and depreciated replacement cost approach in assessing the fair value of the land and the properties situated on the land, respectively. In adopting the market approach, the Valuer has identified comparable land transactions in Tianjin, the PRC. As industrial properties are designed to accommodate specific needs of occupants, the market approach is inappropriate as the industrial buildings cannot be valued on the basis of market value. Therefore, the Valuer has adopted the depreciated replacement cost approach by estimating the redevelopment cost of the properties less any depreciation to arrive at the fair value of the properties. We understand from the Valuer that the market approach and the depreciated replacement cost approach are commonly used for arriving at the fair value of the land and properties respectively. Based on our discussion with the Valuer, we consider that the approaches adopted by the Valuer are appropriate.

As assessed by the Valuer, the fair value of the Land and Properties is approximately RMB171,270,000 (equivalent to approximately HK$209,630,000) as at 4 October 2011 which represents a slight premium above the agreed value of RMB170,183,000 (equivalent to approximately HK$208,282,000) adopted under the Capital Increase.

As stated in the Letter from the Board, Tianjin Tianduan owns two additional industrial buildings with a total gross floor area of approximately 17,231m^2 on the land to be injected by Tianjin Benefo. The net book value of the two buildings on the financial statements of Tianjin Tianduan was approximately RMB80,000,000 (equivalent to approximately HK$97,910,000) as at 31 December 2010. Tianjin Tianduan has all uses of and access to the two buildings, despite the Real Estate Ownership Certificates have not yet been obtained. Tianjin Tianduan intends to apply for the Real Estate Ownership Certificates for the two buildings upon completion of the Acquisition. Based on the legal advice provided by the PRC legal adviser of the Company, Tianjin Tianduan holds title to the two buildings and no major obstacles are expected in the application for the Real Estate Ownership Certificates. The management of the Company is of the view that the lack of Real Estate Ownership Certificates would not affect the operations of Tianjin Tianduan and is not considered a material factor for the Acquisition. The Valuer estimates that the fair value of the two industrial buildings is approximately RMB87,860,000 (equivalent to approximately HK$107,540,000) as at 4 October 2011, assuming the Real Estate Ownership Certificates had been obtained and the two buildings could be freely transferred in the open market. The two industrial buildings do not form part of the Land and Properties to be injected by Tianjin Benefo and the fair value of the two industrial buildings has not been included in the fair value of the Land and Properties as discussed in the previous paragraph.

(iii) Conclusion

Taking into account (i) the reasons for the Acquisition as stated in the section headed "Reasons for the Acquisition" above; (ii) the Equity Interest Tianjin Tai Kang would hold after the Capital Increase being slightly higher than the Theoretical Interest; (iii) the valuation of Land and Properties to be injected by Tianjin Benefo being a slight premium to the agreed value adopted under the Capital Increase; and (iv) the proportional equity interest in Tianjin Tianduan to be obtained by the Parties being in line with their respective contribution, we are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. Possible financial effects of the acquisition of the Equity Interest to the Group

Upon completion of the Acquisition, Tianjin Tianduan will be accounted for as an associate of the Company through Tianjin Tai Kang. As Tianjin Tai Kang is a non-wholly owned subsidiary of the Company, the Group's share of Tianjin Tianduan's earnings, assets and liabilities, will be consolidated into the consolidated financial statements of the Company using equity accounting before adjusting for the minority interest of Tianjin Tai Kang.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Agreement is in the interests of the Group and the Independent Shareholders as a whole, despite the transactions under the Agreement are not in the ordinary course of business of the Company. 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 Acquisition and the transactions contemplated thereunder if a physical Shareholders' meeting was to be held.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Jimmy Chung
Executive Director

The following is the valuation report received from Vigers, an independent valuer, prepared for the purpose of incorporation in this circular, in connection with its valuation of entire shareholding interests in Tianjin Tianduan.

VIGERS APPRAISAL & CONSULTING LIMITED
International Assets Appraisal Consultants
10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon, Hong Kong

VIGERS
威格斯

4th October, 2011

Attention: The Directors
TIANJIN DEVELOPMENT HOLDINGS LIMITED
Suite 7–13, 36/F, China Merchants Tower
Shun Tak Center, 168–200 Connaught Road Central
Hong Kong

Dear Directors,

Re: valuation of a 100% equity interest in TIANJIN TIANDUAN PRESS COMPANY LIMITED.

In accordance with the instruction from **TIANJIN DEVELOPMENT HOLDINGS LIMITED** (the "Company"), we have carried out a valuation on the market value of a 100% equity interest (the "Equity Value") in **TIANJIN TIANDUAN PRESS COMPANY LIMITED** ("Tianduan") as at 4th October, 2011 (the "Valuation Date"). We hereby present this valuation report which consists of a description of the Company, valuation basis & methodology, assumptions and our opinion of value. We understand this valuation serves the purpose of internal reference.

The opinion of value was based on generally accepted appraisal procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

The opinion was based on the management discussion, assumptions and representations, in oral or writing. The projection or estimates set out in the valuation formed part of the assumptions. We were furnished with limited financial information and other documents germane to the valuation. These data had been utilized without further verification as correctly representing the results and future prospects of the operation and the financial condition of the subject. No responsibility is assumed for the accuracy of the provided information.

The opinion of value is subject to change if any of the assumptions provided by the management is not reasonable or proper made, and we reserve the right to change or withdraw our opinion without any liabilities. This report is confidential to the client for the specific purpose to which it refers, and should not be the only factor to be reference by the client. We have not been engaged to make specific sales or purchase recommendation. The use of the report will not supplant other due diligence which the company or the concerned parties should conduct in reaching business decision regarding the subject of valuation.

The valuation procedure did not require us to conduct legal due diligence on the legality and formality of the subject and its related legal documents, and it should be the responsibility of the legal advisor to the management of the company. Thus, no responsibility or liability is assumed from our report to the origin and continuity of the subject. We have not inspected the original documents filed in the relevant authorities to verify ownership of the subject. We need to state that we are not legal professional and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the subject. No responsibility or liability is assumed in relation to those opinions or copies of document provided (if any).

In accordance with our standard practice, this report is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of the contents of this report.

We hereby certify that we have neither present nor prospective interests in the assets or the value reported.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL & CONSULTING LIMTED

Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS, MHKIS, MSc(e-com)
Managing Director

Favian Kam Man Yin
CFA, MBA
Executive Director

Note: Raymond K. K. Ho, Chartered Surveyor, MRICS, MHKIS has twenty three years experience in undertaking valuation of properties, intangible and business in Hong Kong, Macau and the PRC and has extensive experience in business valuation in the Greater China region since 1993.

COMPANY BACKGROUND

TIANJIN TIANDUAN PRESS COMPANY LIMITED is the professional research and manufacturing company of hydraulic press in China. Since 1956 Tianduan produced the first hydraulic press, it already has 42 series, more than 1,000 varieties of products ranging from 80 KN to 200,000KN. The products are widely used in the fields of forming shipping plates, forging extruding, aviation and spaceflight, automobile industry, glass fiber reinforced plastics, household electrical appliances and light industry, power metallurgy, equipments of war industry and so on. The company gained ISO 9001 Quality System Certification and obtained the right of importing and exporting by itself in 1996. The product got the CE Certificate in 2006, and exported to over 30 countries and regions, such as Asia, Australia, Europe, America and Africa, etc.[1]

INFORMATION REVIEWED

As part of our research and analysis, we have considered the information prepared by the Tianduan, include but not limited to the following:

- History, background, business nature, operating environment and other relevant information on Tianduan.
- Audited/unaudited financial statements for fiscal year 2005 to 2010.
- Market position, competitive advantages & disadvantages of Tianduan.
- Market information on the hydraulic press and machinery industry.
- Background research of other companies with business similar to Tianduan (the "Comparables") such as their business & financial profile.
- The future challenges and developments of the hydraulic press and machinery industry.
- The economic outlook in general and the specific economic environment where the Tianduan is exposed to.

We have reviewed the information required, which is considered sufficient for the issue of the valuation report of the type in question and we believe no material factor has been intentionally omitted or withheld from the given information in order to reach an informed view.

[1] *Source:* Company website

BASIS AND METHODOLOFY OF VALUATION

Our appraisal has been carried out on a market value basis. Market value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In this valuation, we make reference to three generally accepted approaches to deriving market value, namely; the Market Approach, the Cost Approach and the Income Approach:

- Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation as condition or obsolescence present, whether arising from physical, functional or economic causes.

- Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk.

- Market Approach considers prices recently paid for similar assets, with adjustments made to indicate market prices to reflect condition and utility of the appraised assets relative to the comparable market transactions.

We consider the Cost Approach to be inadequate given that this approach fails to consider the going concern of Tianduan. The Income Approach and the Market Approach are both appropriate method but the Income Approach has more reliance on financial estimation and cash flow projection. The Market Approach is more favorable because this approach makes direct reference to the Comparables in which their value can be directly observed from the open market.

The premise behind the Market Approach is that trading price of exchange listed Comparables provide objective reference to the values at which market participants might be willing to buy and sell Tianduan. In applying the Market Approach, we first construct and establish a valuation ratio from the Comparables. The valuation ratio will be used to derive an appropriate ratio specifically for Tianduan, adjusted for Tianduan's uniqueness (the "Tianduan's Ratio"). The Tianduan's Ratio will be then be applied to one of Tianduan's accounting measure to arrive at an estimated the Equity Value.

ASSUMPTIONS

A number of assumptions have been made during the valuation. The following assumptions are considered to be applicable and have a significant effect on this valuation. These assumptions have been evaluated and validated to provide a reasonable basis in arriving at our opinion of value. The major assumptions adopted are as follows:

- There will be no material adverse change in the political, legal, fiscal or economic condition in the PRC and other regions in which the Company operates;
- Tianduan will retain the key management, competent personnel and technical staff to support its ongoing operation;
- Market trend and conditions for Tianduan in related areas will not deviate significantly from the economic forecasts in general. Consumer behavior will have no significant change throughout the valuation period;
- The valuation assumed Tianduan will run into the indefinite future, that is, we assume that relevant business license can be renewed and relevant administrative procedure in relation to the renewal of business can be properly carried out;
- We assume that the general management practice of Tianduan including but not limited to accounting policy and dividend policy will have no significant deviation from the current practice;
- The valuation assumes that the core income stream of Tianduan remain those derived from their core operations, the selling of hydraulic press machines. The valuation will not consider the non-operating income such as interest income & investment income and have not made any estimates on imponderables, or disaster which may affect the future income;
- It is assumed the financial performance of Tianduan shall not substantially deviate from the comparable companies in long run;
- A 30% discount was applied to the Equity Value due to the Tianduan's lack of marketability.

We have assumed the reasonableness of the information provided and relied to a considerable extent on such information in arriving at our opinion of value.

VALUATION CONSIDERATIONS

We consider the Enterprise value to EBITDA (the "EV/EBITDA" ratio) is appropriate. The EV/EBITDA ratio is calculated as:

Enterprise value at the Valuation Date/Earnings before interest, tax, depreciation and amortization

In this case, the historical FY 2010 EBITDA this is the most up-to-date financial information we were provided. The Tianduan's Ratio derived from the collection of the Comparables' EV/EBITDA ratio will be applied to Tianduan's historical EBITDA for the year ended 31st December, 2010.

We consider the EV/EBITDA ratio appropriate because (i) EBITDA is an accounting measurement that represent earning power that can be compared across companies since EBITDA is less affected by differences in tax rates, capital structure and capital invested and (ii) EV/EBITDA has been proven to be a reliable multiple for pricing manufacturing companies, of which an entity's cashflow level is considered as an indicator of its value. In the construction of Comparables, we have considered the following:

- The companies shall be listed, with financial information is publicly accessible.
- The companies shall operate within the same or similar industry as Tianduan.
- It is preferred that the companies reported a positive 2010 EBITDA figure.
- As it can be observed that there exists limited numbers of similar companies in the PRC, we thus also consider companies with business outside the PRC and Hong Kong.

Information in relation to the comparable companies was source from Bloomberg. Although Bloomberg has set out the business nature and products produced by the comparable companies, Bloomberg does not explicitly state the exact percentage of each product mix.

We have also made adjustments on the Tianduan's Ratio such as discount for a private firm, the lack of marketability or other possible factors which may affect the Equity Value. The following table shows the details of the Comparables used:

Ticker	Name	EV/EBITDA	Descriptions
600416 CH Equity	XIANGTAN ELEC-A	26.05	Xiangtan Electric Manufacturing Company Ltd. manufactures electrical machinery. The Company produces wind turbines, pumps, electrical wheel trucks, electric mining locomotives, industrial locomotives, light rail cars, elevators, hydraulic presses.
002529 CH Equity	FUJIAN HAIYUAN AUTOMATIC-A	22.32	Fujian Haiyuan Automatic Equipments Co., Ltd. manufactures and sells automatic hydraulic presses. The Company's products are automatic hydraulic autoclaved brick presses, automatic hydraulic ceramic tile presses and automatic hydraulic refractory materials.
SCUN GR Equity	SCHULER AG	16.69	Schuler AG designs, manufactures and markets metal forming, machining and stamping equipment. The Company's products include mechanical press systems, hydraulic press systems, hydroforming machinery, tool and die systems and process automation equipment.
BMH IN Equity	BEMCO HYDRAULICS	4.91	Bemco Hydraulics Ltd. manufactures and distributes hydraulic presses and equipment.
009160 KS Equity	SIMPAC INC	3.85	SIMPAC Inc. manufactures industrial presses, such as mechanical, hydraulic presses and coil handling and press automation for electronics and automobile industries. The company provides its products to domestic companies as well as overseas market.

(Source of information: Bloomberg)

Based on the information available to us, the sample represents the listed companies which engaged in the hydraulic press business that can be captured from public available data source, ie. Bloomberg.

ANALYSIS OF COMPARABLES

In deriving the Tianduan's ratio, we have considered the following factors:

- Asset size of Tianduan relative to the Comparables, which is substantially different against the Comparables. Such difference warrants a possible adjustment on the EV/EBITDA ratio.

- The market where the Comparables are traded, and the hydraulic press/machinery industry's valuation with respect to the general market.

- EBITDA and EBIT margins, which represents the profitability of a company and is highly correlated with market value of a company.

- Growth rate and capital reinvestment rate, which are of the factors implicitly considered by the market and was factored into the EV/EBITDA ratio. In general, we expect a higher growth rate will result in a higher EV/EBITDA ratio.

- Tianduan is a private company which is subject to more risk compared to the listed Comparables.

- The financial gearing and operational risk. Higher gearing generally help increase the return to equity if it is under normal leverage. However, as gearing increases, liquidity risk also increases. Thus the gearing will have dual impact on the value of a company.

- The average of multiple of relevant comparable companies and adjustment on possible difference on a company or industrial multiple which due to market being traded for the comparable companies and the subject.

Given that the subject is a non publicly trade company, it requires time to convert the interest into cash. This illiquid nature required adjustment of its value in discount for lack of marketability. There are studies in relation to this marketability discount, such as restrictive stock studies or academic research on the range of discount. The range of the marketability can variate from 20% to 45%. Based on the nature of the subject, its year of operation, its cash flow level, and the expected holding period. It is fair to consider a 30% discount for its lack of marketability.

Based on the information available to us, it is noted that the Xiangtan Electric, Fujian Haiyuan and Schuler AG reported a market cap and turnover which significantly different from Tianduan. This suggests the multiples of these three companies might not properly reflect the small size effect of Tianduan. Second, it can be observed that Xiangtan Electric engaged in the production of wind turbines, pumps and electrical wheel truck, with less emphasis on hydraulic presses. In this regards, we may not take great weight in arriving our opinion. Fujian Haiyuan, a company manufactures and sells hydraulic presses, however, mainly serve the automatic hydraulic presses on autoclaved brick and ceramic tile. In contrast to Tianduan, which focuses on heavy hydraulic presses, indicates the difference on the product type, technical requirements and market segment. Thus results in less relevant comparison against Tianduan. Schuler AG is a company focuses on hydraulic presses and with substantial operation in mechanical presses. This might induce less relevant comparison to Tianduan, which primary focuses on hydraulic presses. On the other hand, Bemco Hydraulic and Simpac Inc, reported market cap relatively comparable to Tianduan. In addition, these two companies also focus on the manufacturing of hydraulic presses. In this regards, Bemco Hydraulic and Simpac Inc could serve as better indication of value than the other companies. However, we also noted that these two companies have their operation other than the PRC market. Thus we would also consider appropriate adjustment to reflect the market difference in between the comparable companies and Tianduan.

Tianduan's ratio and the computation to its equity value are concluded as the following:

(RMB '000.00) except for EV/EBITDA ratio

EV/EBITDA ratio		8.78
2010 EBITDA[2]	x	30,580.00
Enterprise value	=	268,798.20
Net cash[3]	+	62,000.00
Equity value	=	330,798.20
Equity value after marketability discount	=	231,558.74

OPINION OF VALUE

Based on the results from analysis set out above, as at the Valuation Date, the value of the 100% equity interest can be reasonably and approximately stated as Renminbi Two Hundred Thirty One Million Five Hundred Sixty Thousand only (RMB231,560,000).

2 *Source:* Tianduan's 2010 unaudited financial information

3 *Source:* Tianduan's 2010 unaudited financial information

The following is the valuation report received from Vigers, an independent valuer, prepared for the purpose of incorporation in this circular, in connection with its valuation of the land and properties to be injected into Tianjin Tianduan by Tianjin Benefo pursuant to the Agreement.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants
10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

11 November 2011

The Directors
Tianjin Development Holdings Limited
Suites 7–13, 36th Floor
China Merchants Tower
Shun Tak Centre
Nos. 168–200 Connaught Road Central
Hong Kong

Dear Sirs,

In accordance with the instructions of Tianjin Development Holdings Limited (the "Company") for us to value the property interest held by Tianjin Benefo Machinery & Electric Holding Co., Ltd. (天津百利機電控股集團有限公司) ("Tianjin Benefo") in the People's Republic of China ("the PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interest as at 4 October 2011 ("date of valuation") for the purpose of incorporation in the circular.

Our valuation is our opinion of the market value of the property interest which we would define market value as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interests, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the property as a whole. In the valuation of the land portion, reference has been made to the standard land price and the sales evidence as available to us in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business.

Our valuation has been made on the assumption that the owner sells the property interest on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interest. In addition, no forced sale situation in any manner is assumed in our valuation.

We have not caused title searches to be made for the property interest at the relevant government bureau in the PRC. We have been provided with certain extracts of title documents relating to the property interest. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interest, we have relied on the legal opinion (the "PRC legal opinion") provided by the Company's PRC legal adviser, Grandall Law Firm (Tianjin).

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us by the Company on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the property and other relevant matter. We have also been advised by the Company that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the property are free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate used in valuing the property interest in the PRC as at 4 October 2011 was HK$1 = RMB0.817. There has been no significant fluctuation in the exchange rate for Renminbi against Hong Kong Dollars (HK$) between that date and the date of this letter.

We enclose herewith the valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS MHKIS MSc(e-com)
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty five years' experiences in undertaking valuations of properties in Hong Kong and has over eighteen years' experiences in valuations of properties in the PRC.

VALUATION CERTIFICATE

Property interest held by Tianjin Benefo in the PRC

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 4 October 2011
An industrial complex located at Jinyu Road South (Lot no. 1201130070030270001 Bei Chen Zi 100418–), Beichen District, Tianjin City, the PRC	The property comprises a parcel of land with a site area of approximately 180,072.3 sq.m. and 8 buildings erected thereon completed in various stages between 2000 and 2010. The buildings have a total gross floor area of approximately 52,340.20 sq.m. The buildings mainly include workshops, warehouses and office buildings. The land use rights of the property have been granted for a term expiring on 27 April 2060 for industrial uses.	The property is currently occupied by Tianjin Tianduan Press Co. Ltd. for production uses.	RMB171,270,000 (equivalent to approximately HK$209,630,000)

Notes:

1. According to a Real Estate Ownership Certificate (Document No.: Fang Di Zheng Jin Zi No. 113031010617), the land use rights of the property having a site area of approximately 180,072.3 sq.m. and 6 buildings of the property having a total gross floor area of approximately 35,109.21 sq.m. have been granted to Tianjin Benefo for a term expiring on 27 April 2060 for industrial uses.

2. Two buildings with a total gross floor area of approximately 17,231 sq.m., which are not included in the scope of the land and buildings to be injected by Tianjin Benefo to Tianjin Tianduan Press Co. Ltd. ("Tianjin Tianduan") pursuant to the Agreement, have not yet obtained the Real Estate Ownership Certificates. As advised by the Company and the Company's PRC legal adviser, the said buildings was built by Tianjin Tianduan in the land of the property owned by Tianjin Benefo. The Real Estate Ownership Certificates for the said buildings could only be applied after the land has been transferred to Tianjin Tianduan upon completion of the Acquisition. There is no obstacle for Tianjin Benefo to transfer the land use rights to Tianjin Tianduan. In the valuation of the property, we have attributed no commercial value to these two buildings which have not obtained the Real Estate Ownership Certificates. For reference purposes, we are of the opinion that the depreciated replacement cost of the said buildings as at the date of valuation would be RMB87,860,000 (equivalent to approximately HK$107,540,000) assuming relevant ownership certificates have been obtained and they could be freely transferred in the open market.

3. The PRC legal opinion states, inter alia, the following:

   (i) Tianjin Benefo has obtained the Real Estate Ownership Certificates for the land use rights and 6 buildings of the property.

   (ii) Tianjin Benefo legally owns the land use rights and 6 buildings of the property.

(iii) Tianjin Benefo is legally entitled to occupy, use, transfer, lease, mortgage or dispose of the land use rights and 6 buildings of the property.

(iv) The land premium of the property has been fully settled.

(v) The property is free from any mortgages, charges and encumbrances.

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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), 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 were required, pursuant to the Model Code of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Directors' interests in the underlying Shares

Name of Director	Number of underlying Shares held	Approximate percentage of interests to the issued share capital
Mr. Yu Rumin	3,000,000	0.28%
Mr. Wu Xuemin	1,800,000	0.17%
Mr. Dai Yan	2,300,000	0.22%
Dr. Wang Jiandong	1,500,000	0.14%
Mr. Bai Zhisheng	800,000	0.07%
Mr. Zhang Wenli	800,000	0.07%
Mr. Sun Zengyin	800,000	0.07%
Dr. Gong Jing	500,000	0.05%
Mr. Wang Zhiyong	900,000	0.08%
Mr. Cheung Wing Yui, Edward	800,000	0.07%
Dr. Chan Ching Har, Eliza	300,000	0.03%
Dr. Cheng Hon Kwan	800,000	0.07%
Mr. Mak Kwai Wing, Alexander	300,000	0.03%
Ms. Ng Yi Kum, Estella	300,000	0.03%

Notes:

1. All interests are held in the capacity as a beneficial owner.
2. All interests stated above represent long positions.
3. Details of the interests of the Directors in share options are set out in paragraph (iv) in this section below.

(ii) Directors' interests in the shares of associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interests	Capacity	Number of shares held	Approximate percentage of interests to the issued share capital
Mr. Wu Xuemin	Tianjin Port Development Holdings Limited ("Tianjin Port")	Family interest	Interest of spouse	10,000	0.00%

(iii) Directors' interests in the underlying shares of associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interests	Capacity	Number of underlying shares held	Approximate percentage of interests to the issued share capital
Mr. Yu Rumin	Tianjin Port	Personal interest	Beneficial owner	2,300,000	0.04%
Mr. Dai Yan	Tianjin Port	Personal interest	Beneficial owner	1,100,000	0.02%
Mr. Bai Zhisheng	Dynasty Fine Wines Group Limited	Personal interest	Beneficial owner	2,300,000	0.18%

(iv) Director's interests in the share options granted by the Company

Name of Director	Date of Grant	Exercise price per Share HK$	Number of share options: Held as at 01/01/2011	Number of share options: Held as at the Latest Practicable Date	Exercise Period	*Note*
Mr. 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)*
Mr. Wu Xuemin	16/12/2009	5.75	1,800,000	1,800,000	16/12/2009–24/05/2017	*(2)*
Mr. Dai Yan	19/12/2007	8.04	900,000	900,000	17/01/2008–24/05/2017	*(1)*
	16/12/2009	5.75	1,400,000	1,400,000	16/12/2009–24/05/2017	*(2)*
Dr. 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)*
Mr. 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)*
Mr. 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)*
Mr. 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)*
Dr. Gong Jing	16/12/2009	5.75	500,000	500,000	16/12/2009–24/05/2017	*(2)*
Mr. Wang Zhiyong	16/12/2009	5.75	900,000	900,000	16/12/2009–24/05/2017	*(2)*
Mr. Cheung Wing Yui, Edward	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)*
Dr. Chan Ching Har, Eliza	16/12/2009	5.75	300,000	300,000	16/12/2009–24/05/2017	*(2)*
Dr. 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)*
Mr. Mak Kwai Wing, Alexander	16/12/2009	5.75	300,000	300,000	16/12/2009–24/05/2017	*(2)*
Ms. Ng Yi Kum, Estella	03/12/2010	6.07	300,000	300,000	03/12/2010–24/05/2017	*(3)*

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.

3. Pursuant to the Scheme, a total of 300,000 share options were granted on 3 December 2010 and accepted by the above grantee on the same day, with an exercise price of HK$6.07 and are exercisable from 3 December 2010 to 24 May 2017. The closing price of the Shares immediately before the date or which there share options were granted was HK$6.07.

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 the 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 had an interest or short position in the Shares or underlying Shares 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
Mr. Wu Xuemin	Director
Mr. Dai Yan	Director

3. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2010, 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 was materially interested, whether directly or indirectly, in any contract or arrangement which was 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 did not expire or was 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 was 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. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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 interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Company were made up.

9. MATERIAL CONTRACTS

Save as disclosed below, there were 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 capital injection agreement dated 30 December 2009 entered into between Tianjin Tai Kang and Tianjin Benefo Tejing Electric Co., Ltd.* (天津百利特精電氣股份有限公司) ("**Benefo Tejing**"), a connected person of the Company, pursuant to which Tai Kang and Benefo Teijing agreed to inject an aggregate capital in the sum of RMB68,000,000 in cash and/or in assets in Tianjin Bai Li Equipment Company Limited* (天津市百利開關設備有限公司), in which the Company indirectly held 24.46% effective equity interest, in proportion to the respective shareholding of Tianjin Tai Kang and Benefo Tejing in the said company;

(2) an agreement dated 23 August 2010 entered into between Wintel Knight Holdings Limited ("**Wintel Knight**"), a wholly-owned subsidiary of the Company, and Tianjin Eastern Outer Ring Road Co., Ltd. ("**Eastern Outer Ring Road Company**"), a connected person of the Company, pursuant to which Wintel

Knight agreed to dispose all its 83.9308% equity interest in Tianjin Jinzheng Transportation Development Company Limited* (天津津政交通發展有限公司) to Eastern Outer Ring Road Company at a consideration of RMB1,198,992,520;

(3) a sale and purchase agreement dated 6 December 2010 entered into between the Company and Tsinlien, a connected person of the Company, pursuant to which the Company shall dispose of all its 40% equity interest in Golden Horse Resources Limited to Tsinlien at a consideration of HK$1.00; and

(4) the Agreement.

* *For identification purpose only.*

10. QUALIFICATIONS AND CONSENTS OF EXPERTS

Investec	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
Vigers	professional surveyor and valuer
Grandall Law Firm (Tianjin) ("Grandall")	legal adviser on the PRC law

The letters and recommendations given by Investec, Vigers and Grandall are given as at the date of this circular for incorporation herein. Each of Investec, Vigers and Grandall has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/statements and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Investec, Vigers and Grandall 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 Investec, Vigers and Grandall did not have any direct or indirect interest in any asset which had been or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Company were made up.

11. GENERAL

(a) The registered office of the Company is at Suites 7–13, 36/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

(b) The 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 English language text of this circular shall prevail over the Chinese language text in case of inconsistency.

12. 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 2009 and 31 December 2010 respectively;

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

(d) the letter from the Independent Board Committee, the text of which is set out on page 11 of this circular;

(e) the letter from Investec, the text of which is set out on pages 12 to 24 of this circular;

(f) the valuation report on Tianjin Tianduan by Vigers, the text of which is set out on pages 25 to 33 of this circular;

(g) the property valuation report by Vigers, the text of which is set out on pages 34 to 38 of this circular;

(h) the legal opinion of Grandall referred to in the property valuation report of Vigers in Appendix II; and

(i) the consent letters of Investec, Vigers and Grandall referred to in the paragraph headed "Qualifications and Consents of Experts" in this Appendix.