
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 and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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天津發展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
FAMOUS EVER GROUP LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A letter from the Board is set out on pages 4 to 10 of this Circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders 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 31 of this Circular. A notice convening the EGM to be held at Salon 6, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 16 June 2014 at 4:00 p.m. is set out on pages 39 to 40 of this Circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

27 May 2014

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	11
Letter from Investec	12
Appendix — General Information	32
Notice of EGM	39

DEFINITIONS

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

“associates”	has the meaning ascribed to it in the Listing Rules
“Audited NAV”	the net asset value of Dynasty as at 31 December 2012 based on the audited consolidated financial statements to be published by Dynasty
“Board”	board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for normal banking business (other than a Saturday or Sunday or public holiday or any day on which a tropical cyclone signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong)
“Company”	Tianjin Development Holdings Limited (天津發展控股有限公司), a company incorporated in Hong Kong with limited liability, shares of which are listed on the main board of the Stock Exchange (Stock Code: 882)
“Completion”	completion of the sale and purchase of the Sale Share pursuant to and in accordance with the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration payable by Tsinlien to the Company for the Sale Share
“Directors”	directors of the Company
“Disposal”	the disposal of the entire issued share capital of Famous Ever to Tsinlien by the Company pursuant to the Sale and Purchase Agreement, and the transactions contemplated thereunder
“Dynasty”	Dynasty Fine Wines Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 828)
“EGM”	the extraordinary general meeting of the Company to be convened to approve, inter alia, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Excess Amount”	the excess amount of the Audited NAV over the Unaudited NAV

DEFINITIONS

“Famous Ever”	Famous Ever Group Limited (恆名集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company before Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders on the Sale and Purchase Agreement
“Independent Shareholders”	Shareholders other than Tsinlien and its associates
“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 in relation to the Disposal
“Latest Practicable Date”	21 May 2014, being the latest practicable date for the purpose of ascertaining certain information contained in this Circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 5 May 2014 entered into between the Company and Tsinlien in relation to the Disposal
“Sale Share”	one ordinary share in the issued share capital of Famous Ever, representing its entire issued share capital
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

DEFINITIONS

“Shareholder(s)”	holder(s) of the ordinary share(s) in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tsinlien”	Tsinlien Group Company Limited (津聯集團有限公司), a company incorporated in Hong Kong with limited liability, being the substantial shareholder of the Company and an offshore window company indirectly wholly-owned by the Tianjin Municipal People’s Government of the PRC
“Unaudited NAV”	HK\$2,004,116,000, being the net asset value of Dynasty as at 30 June 2012 based on the unaudited consolidated financial statements for the six months ended 30 June 2012 contained in the 2012 interim report published by Dynasty on 17 September 2012
“%”	per cent.



天津發展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

Executive Directors:

Mr. Yu Rumin (*Chairman*)
Mr. Wu Xuemin (*General Manager*)
Mr. Dai Yan
Mr. Zhang Wenli
Mr. Wang Zhiyong
Mr. Tuen Kong, Simon
Dr. Cui Di
Mr. Hao Feifei

Registered office:

Suites 7–13, 36th Floor
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

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
Mr. Wong Shiu Hoi, Peter
Dr. Loke Yu

27 May 2014

To the Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
FAMOUS EVER GROUP LIMITED**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 5 May 2014 in relation to the Disposal.

LETTER FROM THE BOARD

The purpose of this Circular is to provide you with information regarding, inter alia, (i) the terms of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement; and (iv) a notice convening the EGM.

THE SALE AND PURCHASE AGREEMENT

As disclosed in the announcement dated 5 May 2014, the Board announced that the Company entered into the Sale and Purchase Agreement with Tsinlien on 5 May 2014, pursuant to which the Company conditionally agreed to sell and Tsinlien conditionally agreed to purchase the Sale Share, representing the entire issued share capital of Famous Ever, subject to the terms and conditions of the Sale and Purchase Agreement.

Date

5 May 2014

Parties

- (1) Vendor : the Company
- (2) Purchaser : Tsinlien, the controlling shareholder of the Company

Information on Famous Ever

Famous Ever is an investment holding company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company. Its sole asset of significance is the holding of 558,000,000 ordinary shares of Dynasty, representing approximately 44.70% of the issued share capital of Dynasty as at the Latest Practicable Date. Dynasty is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. Dynasty and its subsidiaries are principally engaged in production and sale of winery products.

As at 31 December 2013, the unaudited net asset value of Famous Ever amounted to approximately HK\$786,780,000. The unaudited net profit before and after taxation of Famous Ever for the two financial years ended 31 December 2013 and 2012 were as follows:

	For the year ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Profit (loss) before taxation	3,440	(111,267)
Profit (loss) after taxation	3,440	(111,267)

LETTER FROM THE BOARD

Trading in the shares of Dynasty has been suspended since 22 March 2013 as disclosed in its announcement published on the even date. Based on the latest update announcement published by Dynasty on 28 April 2014 (up to the Latest Practicable Date), Dynasty is still undergoing an internal investigation on certain transactions of Dynasty and its subsidiaries, and thus, the publication of its audited consolidated financial statements for the financial years ended 31 December 2013 and 2012 are being delayed. As at the Latest Practicable Date, such audited consolidated financial statements had not been published by Dynasty yet. Accordingly, neither the profits before and after taxation for the two years ended 31 December 2013 and 2012 nor the consolidated net asset value as at 31 December 2013 and 2012 of Dynasty (or any subsequent most up-to-date figures) are available.

Set out below is a summary of financial information as extracted from the respective interim and annual report published by Dynasty for the six months ended 30 June 2012 and for the year ended 31 December 2011:

	For the six months ended 30 June 2012 <i>HK\$'000</i> (<i>Unaudited</i>)	For the year ended 31 December 2011 <i>HK\$'000</i> (<i>Audited</i>)
Turnover	556,439	1,445,117
Gross profit	246,700	603,738
Profit before taxation	1,838	19,189
(Loss) profit after taxation	(6,736)	2,186
Total asset value	2,516,657	2,593,344
Net asset value	2,004,116	2,015,680

Immediately after Completion, Famous Ever will cease to be a subsidiary of the Company and will become a subsidiary of Tsinlien.

Consideration

The total Consideration for the Sale Share is HK\$890,000,000, subject to upward adjustment (where applicable), which shall be payable in cash (or in such other manner as may be agreed between the parties in writing) by Tsinlien in the following manner:

- (1) an initial deposit of HK\$100,000,000 had been paid upon signing of the Sale and Purchase Agreement; and
- (2) the remaining balance of the Consideration of HK\$790,000,000 shall be paid on or before 30 June 2014.

LETTER FROM THE BOARD

Adjustment to the Consideration

The Consideration is subject to the following adjustments in the manner as applicable:

- (1) if Dynasty publishes its audited consolidated financial statements for the financial year ended 31 December 2012 before Completion, and the Audited NAV is more than the Unaudited NAV, the Consideration will be increased by the Excess Amount pro-rata to Famous Ever's percentage shareholding in Dynasty as at the date of the Sale and Purchase Agreement which will be payable in cash by Tsinlien upon Completion; and
- (2) if Dynasty publishes its audited consolidated financial statements for the financial year ended 31 December 2012 at any time after Completion, and the Audited NAV is more than the Unaudited NAV, the Consideration will be increased by the Excess Amount pro-rata to Famous Ever's percentage shareholding in Dynasty as at the date of the Sale and Purchase Agreement, and such amount of increase shall be payable in cash by Tsinlien within 10 Business Days after publication of the audited consolidated financial statements by Dynasty. For the avoidance of doubt, this adjustment will apply after Completion without any time limitation.

It is agreed that should the Audited NAV be less than the Unaudited NAV, the Consideration will not be adjusted and the Company will not have to make any compensation to Tsinlien.

In the event of any adjustment to the Consideration, the Company will comply with all applicable requirements under the Listing Rules (if required).

The Consideration was determined after arm's length negotiations between the parties, taking into account (i) the unaudited consolidated net asset value of Dynasty as at 30 June 2012; (ii) the carrying value of the Group's interest in Dynasty as at 31 December 2013; (iii) the development of winery market in the PRC; and (iv) the historical results of Dynasty.

Conditions precedent

Completion is subject to the following conditions being satisfied and (where applicable) waived:

- (1) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (2) all necessary approvals, consents, authorisations and waivers from banks (where applicable) for entering into the Sale and Purchase Agreement and the transactions contemplated thereunder (if so required) having been obtained by the Company and Tsinlien; and

LETTER FROM THE BOARD

- (3) all necessary approvals from the PRC government or the relevant PRC regulatory authorities or departments for the transactions contemplated under the Sale and Purchase Agreement having been obtained by Tsinlien.

Tsinlien may waive the condition precedent under item (2) above concerning the Company by notice in writing to the Company. The Company may waive the conditions precedents under item (2) and/or (3) above concerning Tsinlien by notice in writing to Tsinlien.

Completion

Completion of the Sale and Purchase Agreement shall take place on the day all the above conditions have been satisfied or (where applicable) waived (or such other date as may be agreed by the Company and Tsinlien).

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will cease to hold any interests in Famous Ever and thereafter Dynasty will no longer be an associated company of the Group. It is estimated that if the Consideration shall not be adjusted upwards as a result of the Excess Amount, an unaudited gain of approximately HK\$190,000,000 (with the total expenses incidental to the Disposal to be assessed for deduction) will arise from the Disposal. Such estimated unaudited gain is calculated with reference to (i) the Consideration; (ii) the carrying value of the Group's interest in Dynasty as at 31 December 2013; and (iii) the release of exchange reserve upon the Disposal. The actual amount of gain will depend on the carrying value of the Group's interest in Dynasty and exchange reserve to be released as at Completion. The Company intends to apply the proceeds from the Disposal as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board believes that the Disposal can enlarge the Group's working capital and also allow the Group to use its proceeds to pursue other potential investments, which is in the best interests of the Company and the Shareholders as a whole.

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

GENERAL

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

LETTER FROM THE BOARD

Tsinlien is an investment holding company incorporated in Hong Kong and indirectly entirely-owned by Tianjin Municipal People's Government of the PRC.

IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

Listing Rules Implications

As one or more of the applicable percentage ratios for the Disposal calculated in accordance with Rule 14.07 of the Listing Rules are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Since Tsinlien directly and indirectly held a total of 672,593,143 shares of the Company (representing approximately 63.01% of the total issued shares of the Company) as at the Latest Practicable Date, Tsinlien is a substantial shareholder of the Company and thus a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Tsinlien and its associates will abstain from voting on the ordinary resolution to be proposed at the EGM for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Mr. Wu Xuemin and Mr. Wang Zhiyong, executive Directors of the Company, being also directors of Tsinlien, abstained from voting on the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

Takeovers Code Implications

Tsinlien has applied for, and the SFC has granted, a waiver from the obligation on Tsinlien and parties acting in concert with it to make a general offer for all the shares of Dynasty arising from its acquisition of over 30% of the voting rights of Dynasty pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code.

EGM

Set out on pages 39 to 40 of this Circular is the notice of EGM at which an ordinary resolution will be proposed, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. A form of proxy for use at the EGM is enclosed herewith.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

LETTER FROM THE BOARD

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all resolutions set out in the notice of EGM will be taken by way of poll.

An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATIONS

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Disposal. Investec has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Disposal.

Your attention is drawn to (i) the letter from the Independent Board Committee dated 27 May 2014 as set out on page 11 of this Circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal; and (ii) the letter from Investec dated 27 May 2014 as set out on pages 12 to 31 of this Circular which contains the recommendation from Investec to the Independent Board Committee and the Independent Shareholders in respect of the Disposal and the principal factors and reasons considered by Investec in arriving at its recommendation.

The Directors, including the independent non-executive Directors, consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and that the Disposal is in the interests of the Company and the Shareholders as a whole. The Directors would therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information in respect of the Company set out in the appendix 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)

(Stock Code: 882)

27 May 2014

To the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
FAMOUS EVER GROUP LIMITED**

We refer to the circular of the Company to the Shareholders dated 27 May 2014 (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 Sale and Purchase Agreement and the transactions contemplated thereunder 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 the Board as set out on pages 4 to 10 of the Circular and the letter from Investec, Independent Financial Adviser, as set out on pages 12 to 31 of the Circular.

Having taken into account the factors and reasons considered by, and the opinion of Investec, we consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and that the Disposal is in the interests of the Company and the Shareholders as a whole. We would therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee
Tianjin Development Holdings Limited
Dr. Cheng Hon Kwan
Mr. Mak Kwai Wing, Alexander
Ms. Ng Yi Kum, Estella
Mr. Wong Shiu Hoi, Peter
Dr. Loke Yu
Independent Non-Executive Directors

LETTER FROM INVESTEC

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 Disposal prepared for the purpose of incorporation in this Circular.



Investec Capital Asia Limited
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香港中環金融街8號國際金融中心二期36樓3609室
Tel/電話: (852) 3187 5000
Fax/傳真: (852) 2501 0171
www.investec.com

27 May 2014

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

Dear Sirs/Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF FAMOUS EVER GROUP LIMITED

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the transactions contemplated under the Sale and Purchase Agreement. Details of the Sale and Purchase Agreement are contained in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 27 May 2014 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 5 May 2014, the Company entered into the Sale and Purchase Agreement with Tsinlien, pursuant to which, the Company conditionally agreed to sell, and Tsinlien conditionally agreed to purchase, the Sale Shares, being the entire issued share capital of Famous Ever, its sole asset of significance is the holding of 558,000,000 ordinary shares of Dynasty, representing approximately 44.7% of the issued share capital of Dynasty as at the Latest Practicable Date, for a consideration of HK\$890.0 million payable in cash (or in such other manner as may be agreed in parties by writing), subject to upward adjustment (where applicable).

Upon Completion, Famous Ever will cease to be a subsidiary of the Company.

LETTER FROM INVESTEC

As one or more of the applicable percentage ratios for the Disposal calculated in accordance with Rule 14.07 of the Listing Rules are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Since Tsinlien directly and indirectly held a total of 672,593,143 shares of the Company (representing approximately 63.01% of the total issued shares of the Company) as at the Latest Practicable Date, Tsinlien is a substantial shareholder of the Company and thus a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Tsinlien and its associates will abstain from voting on the ordinary resolution to be proposed at the EGM for the approval of the Disposal.

The Board currently consists of fifteen Directors, namely Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Zhang Wenli, Mr. Wang Zhiyong, Mr. Tuen Kong, Simon, Dr. Cui Di and Mr. Hao Feifei as executive Directors, Mr. Cheung Wing Yui, Edward and Dr. Chan Ching Har, Eliza as non-executive Directors, Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing, Alexander, Ms. Ng Yi Kum, Estella, Mr. Wong Shiu Hoi, Peter and Dr. Loke Yu as independent non-executive Directors.

The Independent Board Committee comprising all of the independent non-executive Directors, namely, Dr. Cheng Hon Kwan, Mr. Mak Kwai Wing, Alexander, Ms. Ng Yi Kum, Estella, Mr. Wong Shiu Hoi, Peter and Dr. Loke Yu, has been established to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

Apart from the normal advisory fee payable to us in connection with our appointment 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.

II. 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 (the “**Management**”) and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate and valid in all material respects at the time they were made and given and continue to be true and valid in all material respects 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 Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management 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 sufficient information and documents 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 advice. 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 the Management 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 any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company, Tsinlien, Dynasty and their respective subsidiaries or the prospects of the markets in which they respectively operate.

III. PRINCIPAL FACTORS CONSIDERED

In formulating our opinion on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in (i) utilities including supply of electricity, water and heat and thermal power; (ii) hotels; (iii) electrical and mechanical including the manufacture and sale of presses, mechanical and hydroelectric equipments and large scale pump units; and (iv) strategic and other investments including investments in associates which are principally engaged in the production, sale and distribution of winery products, elevators and escalators and provision of port services in Tianjin. The six reporting segments of the Group has been classified as (i) utilities; (ii) hotels; (iii) electrical and mechanical; (iv) winery; (v) port services; and (vi) elevators and escalators.

As set out in the Company's annual report for the year ended 31 December 2013 (the "2013 Annual Report"), all of the business segments, save for the winery segment, recorded a segmental profit for the year ended 31 December 2013. The segmental results of the winery segment are solely attributable to Dynasty. However, in the absence of published financial statements of Dynasty for the two years ended 31 December 2013 and 2012 respectively as at the date that the Group's consolidated financial statements were approved by the Board, the Group was not in a position to (i) equity account for its share of results of Dynasty and share of net assets of Dynasty as at 31 December 2013; (ii) assess whether any impairment of its interest in Dynasty was necessary; and (iii) present Dynasty's summarised financial information and other relevant disclosures for the current and comparative periods.

Further details of Dynasty have been set out under paragraph headed "2.2 Background of Dynasty and its recent development" below.

2. Background information of Famous Ever and Dynasty

2.1 Background of Famous Ever

Famous Ever, an indirect wholly-owned subsidiary of the Company, is an investment holding company, its sole asset of significance is the holding of 558,000,000 ordinary shares of Dynasty, representing approximately 44.7% of the issued share capital of Dynasty as at the Latest Practicable Date.

As set out in the "Letter from the Board", the unaudited net asset value of Famous Ever as at 31 December 2013 was approximately HK\$786.8 million. We have discussed with the Management and noted that the difference between the aforesaid unaudited net asset value of Famous Ever as at 31 December 2013 and the net asset value attributable to approximately 44.7% shareholding of Dynasty (based on the Unaudited NAV of approximately HK\$2,004.1 million as at 30 June 2012), being approximately HK\$895.8 million, is primarily attributable to the fact that (i) the Company had equity accounted for its share of the loss of Dynasty based on its estimation; and (ii) the recognition of an impairment loss on the carrying amount of its interest in Dynasty with reference to the quoted price of Dynasty shares on 31 December 2012.

In addition, the Management also advised that the historical revenue of Famous Ever is predominantly related to dividend receivable from Dynasty. However, no dividend has been received by Famous Ever from Dynasty for the two years ended 31 December 2013 and 2012 respectively.

Based on the information provided by the Management, the Company, through Famous Ever, received an aggregate of approximately HK\$187,488,000 in dividend from Dynasty, since the listing of the shares of Dynasty in January 2005.

In view of that the sole asset of significance of Famous Ever is its holding of 558,000,000 ordinary shares of Dynasty, we have focused our analysis primarily on the financial and share performance of Dynasty, details of which are set out under the sections headed “4.2 Status of and information on the Dynasty and its historical share price and trading volume” and “4.3 Analysis on the Consideration” in this letter below.

2.2 Background of Dynasty and its recent development

Dynasty and its subsidiaries (the “**Dynasty Group**”) are principally engaged in the manufacturing and sale of wine products. The shares of Dynasty were separately listed on the main board of the Stock Exchange on 26 January 2005 by way of a spin-off exercise from the Group.

As set out in the interim report of Dynasty for the six months ended 30 June 2012 (being the latest published report of results by the Dynasty), Dynasty recorded unaudited revenue of approximately HK\$556.4 million and a loss for the period of approximately HK\$6.7 million, of which approximately HK\$4.7 million was attributable to the owners of Dynasty.

Since the publication of Dynasty’s interim report for the six months ended 30 June 2012, Dynasty subsequently published a profit warning announcement dated 4 February 2013 (the “**2012 Profit Warning Announcement**”) setting out, among others, Dynasty expected to record a loss for the year ended 31 December 2012 as compared to an audited consolidated profit for the previous year. The aforesaid expected results were mainly attributable to (i) the decrease in sales volume compared to the corresponding comparable period; and (ii) the increase in distribution costs as a percentage of revenue compared to the corresponding comparable period. However, as the consolidated results for the year ended 31 December 2012 of the Dynasty Group have not yet been finalised, the board of the Dynasty was not in a position to quantify precisely the relevant financial effect in the 2012 Profit Warning Announcement.

As set out in the 2012 Profit Warning Announcement, further details of the Dynasty Group’s performance would be disclosed in the announcement of annual results of the Dynasty Group for the year ended 31 December 2012 (the “**2012 Dynasty Annual Results**”) which was expected to be announced before the end of March 2013.

However, the trading in the shares of Dynasty was suspended on 22 March 2013 as the completion of the audit work for the 2012 Dynasty Annual Results is subject to, among others, the publication of the results of the internal investigation, being carried out by Ernst & Young Advisory Services Limited on anonymous allegations against certain transactions of Dynasty (the “**Internal Investigation**”).

LETTER FROM INVESTEC

While the despatch of the 2012 Dynasty Annual Results continued to be delayed, Dynasty issued various announcements from March to September 2013 to update its shareholders in respect of its development, including, amongst others, the progress of the Internal Investigation and another profit warning in respect of the Dynasty Group's expectation of recording further unaudited consolidated loss for the six months ended 30 June 2013 as compared to the loss for the same period last year.

As set out in the announcement of Dynasty dated 8 October 2013, Dynasty received a letter from the Stock Exchange on 4 October 2013 setting out the resumption conditions of Dynasty including (i) publish all outstanding financial results, and address any audit qualifications; and (ii) publish results of the internal investigation and address any identified issues (collectively, the "**Resumption Conditions**").

Subsequent to the above, Dynasty issued a further announcement dated 31 October 2013, setting out that the Internal Investigation has not been completed and the audit committee of Dynasty is considering performing additional steps for the existing Internal Investigation and to complete the Internal Investigation as soon as practicable with a view to providing conclusions and/or assessment to the market.

Dynasty issued an announcement dated 29 November 2013 stating that the Dynasty Group would expect to record a greater unaudited consolidated loss for the year ended 31 December 2013 as compared to the unaudited consolidated loss for the preceding year (the "**2013 Profit Warning Announcement**").

Subsequently, announcements were issued by Dynasty on or around the end of each month from November 2013 to March 2014 to provide an update on the status of, among others, the Resumption Conditions. We note from the aforesaid update announcements published by Dynasty from November 2013 to March 2014 that (i) Ernst & Young Advisory Services Limited has carried out the additional steps (including document reviews, interviews, etc.) to follow up on the outstanding matters noted in the Interim Investigation report; and (ii) Dynasty liaised with its auditors, namely, PricewaterhouseCoopers, to continue their works (including discussion of audit confirmation's format and arrangement, stock take result reviews, etc.) in respect of the audit on the 2012 Dynasty Annual Results.

LETTER FROM INVESTEC

On 28 April 2014, Dynasty issued another update announcement (the “**April Update Announcement**”) setting out that (i) in connection with the Internal Investigation, the Dynasty management had met and would continue to liaise with various professional parties respectively to further discuss and clarify the update in or before mid of May 2014; (ii) no timetable for completion of the audit on the 2012 Dynasty Annual Results could be fixed as the Internal Investigation had not been finalised; and (iii) the publication of the annual results of the Dynasty Group for the year ended 31 December 2013 would be delayed due to reasons as set out under (i) and (ii) above and such delay constituted a non-compliance with Rule 13.49(2) of the Listing Rules.

3. Reasons for and benefits of the Disposal

As set out in the “Letter from the Board”, the Board believes that the Disposal can enlarge the Group’s working capital and also allow the Group to use its proceeds to pursue other potential investments, which is in the best interests of the Company and the Shareholders as a whole.

We have discussed with the Management that given the uncertainties around (i) the outcome of the Internal Investigation on Dynasty; and (ii) the likelihood and timing of the resumption of trading of the Dynasty shares, the Disposal represents an opportunity for the Company to eliminate its risk exposure to Dynasty as a whole.

Furthermore, the Management advised that the Disposal is expected to (i) have a positive impact on cash flow; and (ii) result in a gain on the disposal of Sale Shares in the statement of profit or loss of the Group, details of which are set out under paragraph headed “5. Possible financial effects of the Disposal” below.

4. Terms and conditions of the Sale and Purchase Agreement

Summary of the terms and conditions of the Sale and Purchase Agreement has been set out in the Letter from the Board in the Circular.

Pursuant to the Sale and Purchase Agreement, the Company conditionally agreed to sell, and Tsinlien conditionally agreed to purchase, the Sale Shares, being the entire issued share capital of Famous Ever, its sole asset of significance is the holding of 558,000,000 ordinary shares of Dynasty, representing approximately 44.7% issued share capital of Dynasty, for a consideration of HK\$890.0 million payable in cash (or in such other manner as may be agreed between the parties in writing), subject to upward adjustment (where applicable), details of which are set out under paragraph headed “4.3.7 Adjustment mechanism” below.

LETTER FROM INVESTEC

As set out in the “Letter from the Board”, the Sale and Purchase Agreement is conditional upon the following conditions being satisfied and (where applicable) waived:

- (i) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (ii) all necessary approvals, consents, authorisations and waivers from banks (where applicable) for entering into the Sale and Purchase Agreement and the transactions contemplated thereunder (if so required) having been obtained by the Company and Tsinlien; and
- (iii) all necessary approvals from the PRC government or the relevant PRC regulatory authorities or departments for the transactions contemplated under the Sale and Purchase Agreement having been obtained by Tsinlien.

Tsinlien may waive condition precedent (ii) above by notice in writing to the Company. The Company may waive conditions precedent (ii) and/or (iii) above by notice in writing to Tsinlien.

4.1 Consideration

The total Consideration for the Sale Share is HK\$890.0 million, subject to upward adjustment (where applicable), which shall be payable in cash (or in such other manners as may be agreed between the parties in writing) by Tsinlien in the following manners:

- (i) an initial deposit of HK\$100.0 million had been paid upon signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance of the Consideration of HK\$790.0 million shall be paid on or before 30 June 2014.

Pursuant to the Sale and Purchase Agreement, the Consideration is subject to certain adjustments, details of which are set out under paragraph headed “Adjustment for Consideration” in the “Letter from the Board” and paragraph headed “4.3.7 Adjustment mechanism” in this letter below.

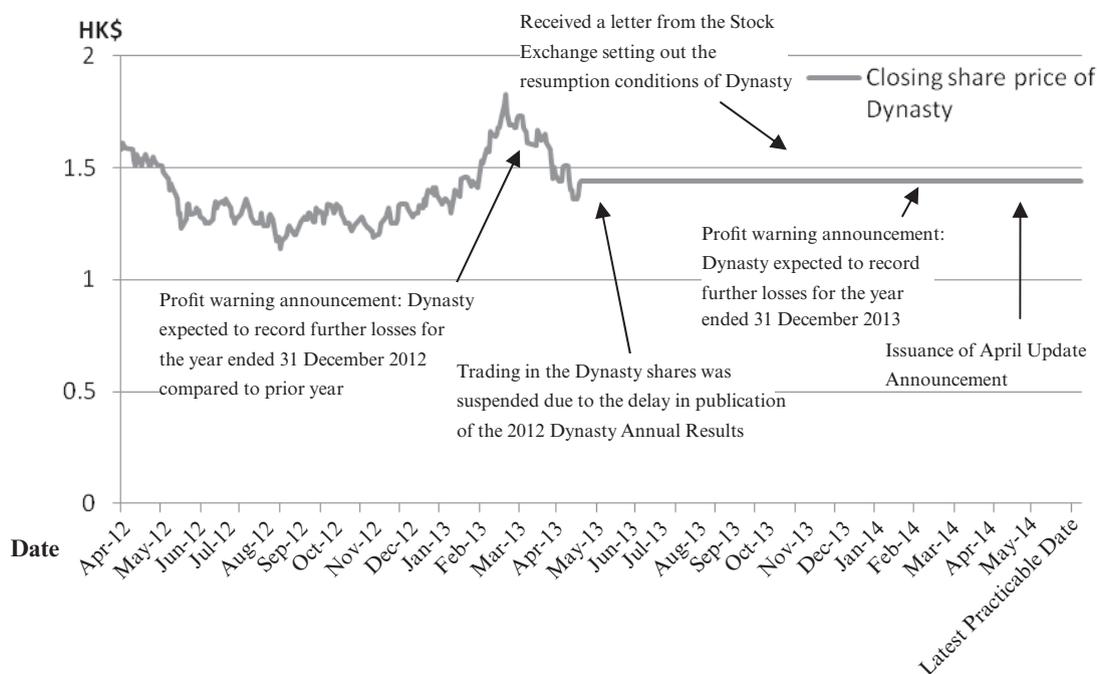
4.2 Status of and information on the Dynasty and its historical share price and trading volume

Review of trading of Dynasty shares

Trading of shares of Dynasty has been suspended since 22 March 2013 and remained suspended up to and including the Latest Practicable Date. The closing share price of Dynasty on 21 March 2013, being the last trading day immediately prior to the suspension of trading (the “**Dynasty Last Trading Day**”), was HK\$1.44 per Dynasty share.

We have also reviewed and analysed the closing share prices of Dynasty since 1 April 2012 up to and including the Latest Practicable Date (the “**Review Period**”) below:

Chart A: Daily closing price of Dynasty shares during the Review Period



As set out in the Chart A, the closing price of Dynasty shares was in the range of HK\$1.14 to HK\$1.90 per Dynasty share during the Review Period, and the closing price of Dynasty shares on the Dynasty Last Trading Day was HK\$1.44 per Dynasty share.

LETTER FROM INVESTEC

Historical trading volume of Dynasty shares

The trading volume of Dynasty during the Review Period is set out in Table B below:

Table B: Historical trading volume during the Review Period

Month	Average daily trading volume (in shares) (approximately)	Trading volume as a percentage to number of Shares issued (Note) (approximately)
2012		
April	1,059,464	0.08%
May	1,056,829	0.08%
June	576,274	0.05%
July	907,190	0.07%
August	411,391	0.03%
September	473,600	0.04%
October	1,684,197	0.13%
November	1,244,657	0.10%
December	943,895	0.08%
2013		
January	1,578,526	0.13%
February	1,150,224	0.09%
March (<i>up to and including Dynasty Last Trading Day</i>)	829,600	0.07%
Average	1,170,461	0.09%
April–December 2013	Suspended	N/A
January 2014–Latest Practicable Date	Suspended	N/A

Source: Stock Exchange website

Note: based on number of issued Shares of 1,248,200,000 as at the Latest Practicable Date

LETTER FROM INVESTEC

As set out in Table B, the average daily trading volume of Dynasty shares during the Review Period was approximately 1.17 million Dynasty shares, representing approximately 0.09% of the issued share capital of Dynasty as at the Latest Practicable Date.

Based on the average daily trading volume during the Review Period set out in Table B above and assuming the resumption of trading of Dynasty shares takes place, for the 558,000,000 Dynasty shares held by Famous Ever to be disposed in the open market, it would take approximately 477 trading days. However, there is no certainty that (i) the historical trading volume can be maintained during the period which the Company disposes of its entire shareholding in Dynasty; and (ii) the price of the Dynasty shares would remain at similar level immediately prior its suspension. As such, in the event that the Company does not proceed with the Disposal, the Company will continue to be subject to future share price fluctuation of Dynasty, upon the resumption of trading in Dynasty shares.

Given the prolonged suspension in trading, the low historical trading volume of Dynasty shares and in absence of a readily available market price for Dynasty shares as a reference, we concur with the Directors that the adoption of the closing price of Dynasty shares on the Dynasty Last Trading Day as the basis for the determination of the Consideration is not considered to be appropriate.

4.3 Analysis on the Consideration

When assessing the fairness and reasonableness of the Consideration, we have also considered the following factors, (i) the prolonged suspension in trading of Dynasty Shares; (ii) consecutive losses of and uncertainties around Dynasty; (iii) the relevant price-to-earnings ratio and price-to-net asset value ratio; (iv) cash flow from Dynasty; (v) the use of proceeds arising from the Disposal; and (vi) Adjustment Mechanism (defined hereafter), details of which are set out below:

4.3.1 Prolonged suspension in trading of Dynasty shares

The trading of Dynasty shares has been suspended since 22 March 2013 and remained suspended up to and including the Latest Practicable Date.

Despite that Dynasty published an announcement setting out that it would take the necessary steps to fulfill the Resumption Conditions with the aim of resuming trading in the Dynasty shares as soon as practicable, there is no indication that whether and when the Resumption Conditions will be fulfilled.

4.3.2 Consecutive losses of and uncertainties around Dynasty

The 558,000,000 shares of Dynasty, representing approximately 44.7% issued share capital of Dynasty as at the Latest Practicable Date, is the principal asset of Famous Ever.

Dynasty has recorded an unaudited loss for the six months ended 30 June 2012 of approximately HK\$6.7 million. In addition, as set out in the 2012 Profit Warning Announcement and the 2013 Profit Warning Announcement (the “**Dynasty Profit Warning Announcements**”), Dynasty is expected to record a loss for each of the two years ended 31 December 2013, respectively.

In addition, the outcome of the Internal Investigation on anonymous allegations against certain transactions of the Dynasty Group is pending and remained uncertain as at the Latest Practicable Date.

The Disposal would eliminate the risk exposure of the Company to the future share price fluctuation of Dynasty, upon the resumption of trading in Dynasty shares.

4.3.3 Price-to-earnings ratio (“P/E ratio”) of the Group’s investment in Dynasty

As set out in the “Letter from the Board”, Famous Ever recorded a profit after taxation of approximately HK\$3.4 million for the year ended 31 December 2013 and a loss after taxation of approximately HK\$111.3 million for the year ended 31 December 2012. Furthermore, we note from the Management that the HK\$3.4 million profit is mainly attributable to the waiver of a balance due to the Company, which is of a non-recurring nature. Having considered that Famous Ever has not recorded revenue of a recurring nature for the year ended 31 December 2013 and the substantial loss recorded for the year ended 31 December 2012, we are of the view that it is not appropriate to evaluate the fair and reasonableness of Consideration using a price-to-earnings multiple comparison methodology.

Based on the Dynasty Profit Warning Announcements, Dynasty is expected to record a loss for each of the two years ended 31 December 2013, respectively. As such, Dynasty does not have a P/E ratio for comparison purposes.

4.3.4 Book value of the Group's investment in Dynasty

As Dynasty has not published any financial information for each of the two years ended 31 December 2013 and 2012 respectively as at the date that the Group's consolidated financial statements were approved by the Board, accordingly the Group was not in a position to (i) equity account for its share of results of Dynasty and share of net assets of Dynasty as at 31 December 2013; (ii) assess whether any impairment of its interest in Dynasty was necessary; and (iii) present Dynasty's summarised financial information and other relevant disclosures for the current and comparative periods.

Based on the Unaudited NAV of approximately HK\$2,004.1 million as at 30 June 2012, the net asset attributable to approximately 44.7% shareholding of Dynasty by the Company is approximately HK\$895.8 million. Based on the above and the Consideration of HK\$890.0 million, the price to book ratio of the Disposal is approximately 0.99 times.

To assess the fairness and reasonableness in this respect, we have selected listed comparables for comparison purposes after taking into account the characteristics of Dynasty, we have set out the following parameters, (i) revenue derived from the sale of red and white wines should contribute no less than 50% of its overall revenue for the latest full financial year (based on their published annual reports); and (ii) a market capitalisation between HK\$600 million and HK\$2,000 million as at the Latest Practicable Date, namely (i) China Tontine Wines Group Limited ("**China Tontine**"); (ii) JLF Investment Co. Limited ("**JLF Investment**"); and (iii) Silver Base Group Holdings Limited ("**Silver Base**"), collectively the "**Selected Comparables**".

LETTER FROM INVESTEC

Table C: Price-to-net asset value ratio (the “P/NAV ratio”) of Selected Comparables

Company name (stock code)	P/NAV ratio (Note 1)
China Tontine (389)	0.39 times
JLF Investment (472)	1.01 times
Silver Base (886)	1.16 times
Minimum	0.39 times
Maximum	1.16 times
Average	0.85 times
Disposal	0.99 times (Note 2)

Notes:

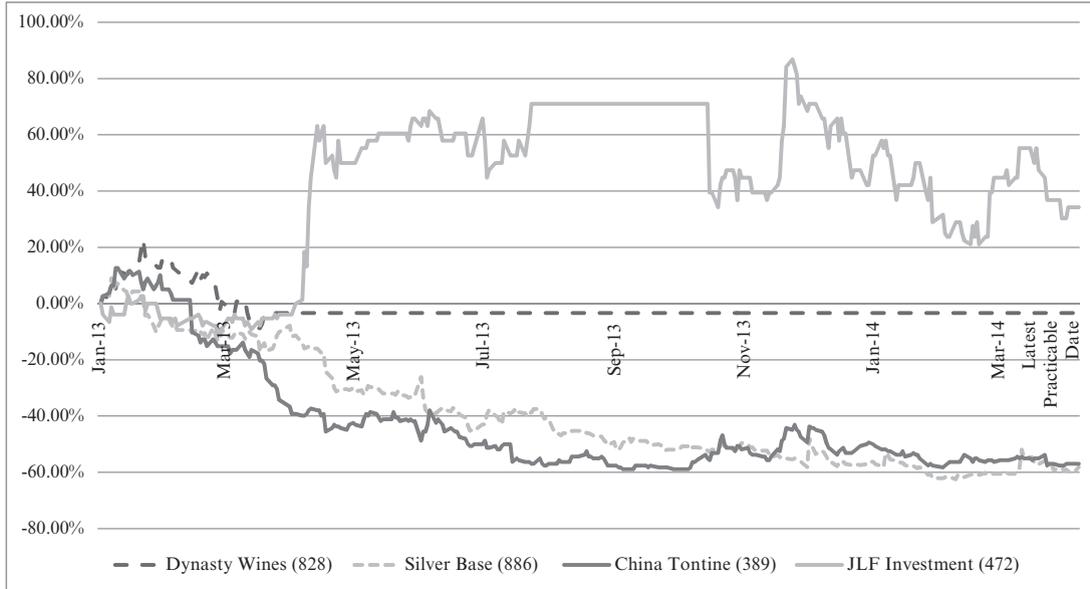
- (1) Calculated by the respective share price as at the date of the Sale and Purchase Agreement and the respective net asset value based on the latest published annual report of the respective Selected Comparables.
- (2) Calculated based on the Consideration divided by the Unaudited NAV attributable to approximately 44.7% shareholding of Dynasty owned by the Company of approximately HK\$895.8 million.

As set out in the Table C above, the P/NAV ratios of the Selected Comparables ranged from approximately 0.39 times to approximately 1.16 times, with an average of approximately 0.85 times. The P/NAV ratio in respect of the Disposal of approximately 0.99 times is within range and above the average of the Selected Comparables.

Notwithstanding that the P/NAV ratio in respect of the Disposal is within range of the Selected Comparables, we have conducted additional analysis on the background of the Selected Comparables. Set out below is the closing share price movement of the Selected Comparables and Dynasty.

LETTER FROM INVESTEC

Chart D: Share price performance of Selected Comparables and Dynasty since 2013 (Note)



Note: For the purpose of our analysis, we have (i) fixed the closing Share price of Dynasty and the respective closing share price of the Selected Companies on 2 January 2013, being the first trading day in 2013, as 100% on the y-axis of the chart (the “**Reference Date**”); and (ii) charted the closing Share price movement of Dynasty and the respective closing price movement of the Selected Companies from the Reference Date up to and including the Latest Practicable Date.

As illustrated in Chart D above, the performance of the closing share price of the Selected Comparables (save for JLF Investment) have declined in exceed of 50% since the Reference Date.

LETTER FROM INVESTEC

In respect of JLF Investment, we note from its results announcement for the year ended 31 December 2012 dated 27 March 2013 (the “**2012 JLF Results Announcement**”), the profit attributable to the owners of the company decreased from approximately HK\$45.6 million to approximately HK\$9.8 million, representing a reduction of approximately HK\$35.8 million (the “**2012 JLF Results**”). We note that the closing share price of JLF Investment was HK\$0.365 as at 27 March 2013, being the announcement date of the 2012 JLF Results. Despite the 2012 JLF Results, for several days in April 2013, the closing share price of JLF Investment increased to HK\$0.6 and beyond, which represented an increase of approximately 60% from the date of the announcement for the 2012 JLF Results. Subsequently, between May and July 2013 (before its suspension of trading on 26 July 2013 pending the release of an announcement relating to a very substantial acquisition of the Company), the closing share price of JLF Investment traded between HK\$0.55 and HK\$0.65.

The trading in shares of JLF Investment resumed on 16 October 2013 after the publication of the announcement of JLF Investment dated 15 October 2013 setting out, among others, additional time is needed for negotiating the structure and terms of a proposed acquisition, JLF Investment and the vendor have mutually agreed to suspend the said acquisition for the time being until the structure and terms of the acquisition have been finalised. The closing share price of JLF Investment decreased from approximately HK\$0.65 per share (last closing price prior to the suspension of JLF Investment shares) to HK\$0.51 per share on 18 October 2013, despite recording a slight increase in profit attributable to owners of the company of HK\$0.3 million for the six months ended 30 June 2013.

On 23 December 2013, JLF Investment issued a profit warning announcement, which coincided with a decrease of JLF Investment share price. Subsequently on 24 March 2014, JLF Investment published its results announcement for the year ended 31 December 2013 (the “**2013 JLF Results Announcement**”), which set out that profit/loss attributable to the owners of the company decreased from a profit of approximately HK\$9.8 million to a loss of approximately HK\$82.0 million, representing a reduction of approximately HK\$91.8 million. Following the publication of the 2013 JLF Results Announcement, the closing share price of JLF Investment decreased notably.

Despite recording substantial losses for the year ended 31 December 2013 compared to a profit for the year ended 31 December 2012, the JLF Investment closing share price as at the Latest Practicable Date remained at a premium to the JLF Investment closing share price as at Reference Date. Given that there appears to be a lack of correlation between the closing share price of JLF Investment and its financial performance, we have excluded JLF Investment from our analysis for comparison purposes.

LETTER FROM INVESTEC

In respect of Silver Base, we note from its unaudited interim report for the six months ended 30 September 2013 (the “**Silver Base 2013 Interim Report**”) that Silver Base has recorded an unaudited loss attributable to its equity holders of approximately HK\$771.4 million. Accordingly, the unaudited net asset value of Silver Base decreased from approximately HK\$1,233.6 million as at 31 March 2013 to approximately HK\$520.3 million or a decrease of approximately 57.8%. Based on the share price as at the Sale and Purchase Agreement and the unaudited net asset value of Silver Base as at 30 September 2013, the P/NAV ratio is approximately 2.76 times.

We also note from the Silver Base 2013 Interim Report that the notable loss for the six months ended 30 September 2013 was substantially attributable to the loss from impairment of approximately HK\$491.6 million, which represent approximately 18.6 times the loss from impairment of approximately HK\$26.4 million for the six months ended 30 September 2012. Given the quantum of the abovementioned loss from impairment and the significant deterioration of the financial results recorded for the six months ended 30 September 2013 as compared to the corresponding period from the prior year, we considered that the use of the P/NAV ratio of Silver Base based on its interim financial statements for the six months ended 30 September 2013 to be inappropriate.

Notwithstanding the above, we noted that there is a downward trend of the closing share prices of the Selected Comparables (save for JLF Investment) between (i) 1 January 2013 and the Latest Practicable Date; and (ii) the Dynasty Last Trading Day and the Latest Practicable Date.

However, Shareholders should note that the information set out above is not an indicator of the future performance of the Dynasty shares and that the share price of Dynasty, upon its resumption of trading, may increase or decrease from its closing price as at the Dynasty Last Trading Day.

4.3.5 Cash flow

Despite the Company's notable shareholding position in Dynasty, the Company has no direct control over the dividend policies of Dynasty.

Notwithstanding the Company has not received any dividend from Dynasty for the each of the two years ended 31 December 2013 and 2012, respectively, the Management advised that the Company, through Famous Ever, received an aggregate of approximately HK\$187.5 million in dividend from Dynasty, since the listing of shares in Dynasty in January 2005 on the main board of the Stock Exchange (the "**Aggregate Dividend**"). Accordingly, the Group has already recouped part of its investment via the Aggregate Dividend.

4.3.6 Use of proceeds

The Management advised that the estimated net proceeds from the Disposal shall be utilised to enlarge the Group's working capital and to pursue other potential investments.

4.3.7 Adjustment mechanism

Pursuant to the Sale and Purchase Agreement, the Consideration is subject to the following adjustments (the "**Adjustment Mechanism**") in the manner as applicable:

- (i) if Dynasty publishes its audited consolidated financial statements for the financial year ended 31 December 2012 before Completion, and the Audited NAV is more than the Unaudited NAV, the Consideration will be increased by the Excess Amount pro-rata to Famous Ever's percentage shareholding in Dynasty as at the date of the Sale and Purchase Agreement which will be payable in cash by the Purchaser upon Completion; and
- (ii) if Dynasty publishes its audited consolidated financial statements for the financial year ended 31 December 2012 at any time after Completion, and the Audited NAV is more than the Unaudited NAV, the Consideration will be increased by the Excess Amount pro-rata to Famous Ever's percentage shareholding in Dynasty as at the date of the Sale and Purchase Agreement, and such amount of increase shall be payable in cash by the Purchaser within 10 Business Days after publication of the audited consolidated financial statements by Dynasty. For the avoidance of doubt, this adjustment will apply after Completion without any time limitation.

LETTER FROM INVESTEC

Pursuant to the Sale and Purchase Agreement, it is agreed that should the Audited NAV be less than the Unaudited NAV, the Consideration will not be adjusted and the Company will not have to make any compensation to Tsinlien.

In addition to the reasons behind the Disposal including (i) the prolonged suspension in trading of Dynasty Shares; (ii) the profit warning announcements issued by Dynasty; (iii) the uncertainties around the outcome of the Internal Investigation and Dynasty; and (iv) consecutive losses of Dynasty, the Adjustment Mechanism is in place to safeguard the interests of the Company and its Shareholders under the Disposal.

We have considered (i) the low historical trading volume of the Dynasty shares prior its suspension; (ii) the loss making position of Dynasty for the six months ended 30 June 2012; and (iii) the expectation of Dynasty to record a loss for the two years ended 31 December 2013 as set out in the Dynasty Profit Warning Announcements, respectively, when assessing the fairness and reasonableness of the Consideration.

In addition, we have also noted (i) the uncertainties surrounding the Internal Investigation and that there is no indication of whether and when the Resumption Conditions will be satisfied, and if trading is resumed in the future, whether Dynasty share price would remain at the level immediately prior its suspension; (ii) the lack of dividend income from Dynasty for the two years ended 31 December 2013 and 2012 respectively; (iii) the intended use of net proceeds by the Company; (iv) the Consideration represents approximately 0.99 times of the Unaudited NAV attributable to the Company's equity interest in Dynasty; and (v) the Adjustment Mechanism is in place to safeguard the interests of the Company and its Shareholders under the Disposal.

In view of our findings summarised above, we concur with the Directors that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Possible financial effects of the Disposal

Effects on the net assets

Upon Completion, Famous Ever will cease to be a subsidiary of the Company, and the financial results of the Famous Ever will no longer be consolidated into the Group's financial statements after completion.

LETTER FROM INVESTEC

Effects on the liquidity

The cash and bank balance of the Group is expected to increase by the estimated net proceeds from the Disposal of approximately HK\$885.0 million.

Effects on the earnings

As set out in the “Letter from the Board”, it is estimated that if the Consideration shall not be adjusted upwards as a result of the Excess Amount, an unaudited gain of approximately HK\$190.0 million (with the total expenses incidental to the Disposal to be assessed for deduction) will arise from the Disposal. Such estimated unaudited gain is calculated with reference to (i) the Consideration; (ii) carrying value of the Group’s interest in Dynasty as at 31 December 2013; and (iii) the release of exchange reserve upon the Disposal. The actual amount of gain will depend on the carrying value of the Group’s interest in Dynasty and exchange reserve to be released as at date of Completion.

Shareholders should note that the actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and will depend on, among others, the net asset value of Famous Ever as at the date of Completion.

IV. RECOMMENDATION

Having considered the factors and analysis above, we consider the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, but not in the ordinary and usual course of business.

Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Jimmy Chung
Managing Director
Corporate Finance

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 the omission of which would make any statement herein or this Circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or short positions of each Director and chief executive of the Company or their respective associates in the 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 for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

(i) Directors' interests in the underlying shares of the Company

<u>Name of Director</u>	<u>Number of underlying shares held</u>	<u>Approximate percentage of interests to the total issued shares</u>
Mr. Yu Rumin	5,200,000	0.49%
Mr. Wu Xuemin	10,600,000	0.99%
Mr. Dai Yan	10,550,000	0.99%
Mr. Zhang Wenli	1,600,000	0.15%
Mr. Wang Zhiyong	8,600,000	0.81%
Mr. Tuen Kong, Simon	8,100,000	0.76%
Dr. Cui Di	2,900,000	0.27%
Mr. Cheung Wing Yui, Edward	1,100,000	0.10%
Dr. Chan Ching Har, Eliza	600,000	0.06%
Dr. Cheng Hon Kwan	1,100,000	0.10%
Mr. Mak Kwai Wing, Alexander	600,000	0.06%
Ms. Ng Yi Kum, Estella	600,000	0.06%
Mr. Wong Shiu Hoi, Peter	100,000	0.01%
Dr. Loke Yu	100,000	0.01%

Notes:

- All interests are held in the capacity as a beneficial owner.
- All interests stated above represent long positions.
- Details of the interests of directors in share options are set out in paragraph (iii) in this section below.

(ii) 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 total issued shares
Mr. Yu Rumin	Tianjin Port Development Holdings Limited	Personal interest	Beneficial owner	3,450,000	0.06%
Mr. Dai Yan	Tianjin Port Development Holdings Limited	Personal interest	Beneficial owner	1,650,000	0.03%

(iii) Directors' interests in the share options granted by the Company

Name of Director	Date of grant	Exercise price per Share HK\$	Number of share options		Exercise Period	Notes
			Held as at 1 January 2014	Held as at the Latest Practicable Date		
Mr. Yu Rumin	19/12/2007	8.040	1,000,000	1,000,000	17/01/2008 – 24/05/2017	(1)
	16/12/2009	5.750	2,000,000	2,000,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	800,000	800,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	800,000	800,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	600,000	600,000	20/12/2013 – 24/05/2017	(6)
Mr. Wu Xuemin	16/12/2009	5.750	1,800,000	1,800,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	3,200,000	3,200,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	3,200,000	3,200,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	2,400,000	2,400,000	20/12/2013 – 24/05/2017	(6)
Mr. Dai Yan	19/12/2007	8.040	900,000	900,000	17/01/2008 – 24/05/2017	(1)
	16/12/2009	5.750	1,400,000	1,400,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	3,000,000	3,000,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	3,000,000	3,000,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	2,250,000	2,250,000	20/12/2013 – 24/05/2017	(6)
Mr. Zhang Wenli	19/12/2007	8.040	300,000	300,000	17/01/2008 – 24/05/2017	(1)
	16/12/2009	5.750	500,000	500,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	300,000	300,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	300,000	300,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	200,000	200,000	20/12/2013 – 24/05/2017	(6)
Mr. Wang Zhiyong	16/12/2009	5.750	900,000	900,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	2,800,000	2,800,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	2,800,000	2,800,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	2,100,000	2,100,000	20/12/2013 – 24/05/2017	(6)

Name of Director	Date of grant	Exercise price per Share HK\$	Number of share options		Exercise Period	Notes
			Held as at 1 January 2014	Held as at the Latest Practicable Date		
Mr. Tuen Kong, Simon	16/12/2009	5.750	900,000	900,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	2,600,000	2,600,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	2,600,000	2,600,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	2,000,000	2,000,000	20/12/2013 – 24/05/2017	(6)
Dr. Cui Di	07/11/2011	3.560	300,000	300,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	800,000	800,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	1,800,000	1,800,000	20/12/2013 – 24/05/2017	(6)
Mr. Cheung Wing Yui, Edward	19/12/2007	8.040	500,000	500,000	17/01/2008 – 24/05/2017	(1)
	16/12/2009	5.750	300,000	300,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	100,000	100,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	100,000	100,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	100,000	100,000	20/12/2013 – 24/05/2017	(6)
Dr. Chan Ching Har, Eliza	16/12/2009	5.750	300,000	300,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	100,000	100,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	100,000	100,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	100,000	100,000	20/12/2013 – 24/05/2017	(6)
Dr. Cheng Hon Kwan	19/12/2007	8.040	500,000	500,000	17/01/2008 – 24/05/2017	(1)
	16/12/2009	5.750	300,000	300,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	100,000	100,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	100,000	100,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	100,000	100,000	20/12/2013 – 24/05/2017	(6)
Mr. Mak Kwai Wing, Alexander	16/12/2009	5.750	300,000	300,000	16/12/2009 – 24/05/2017	(2)
	07/11/2011	3.560	100,000	100,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	100,000	100,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	100,000	100,000	20/12/2013 – 24/05/2017	(6)
Ms. Ng Yi Kum, Estella	03/12/2010	6.070	300,000	300,000	03/12/2010 – 24/05/2017	(3)
	07/11/2011	3.560	100,000	100,000	11/11/2011 – 24/05/2017	(4)
	19/12/2012	4.060	100,000	100,000	19/12/2012 – 24/05/2017	(5)
	20/12/2013	5.532	100,000	100,000	20/12/2013 – 24/05/2017	(6)
Mr. Wong Shiu Hoi, Peter	20/12/2013	5.532	100,000	100,000	20/12/2013 – 24/05/2017	(6)
Dr. Loke Yu	20/12/2013	5.532	100,000	100,000	20/12/2013 – 24/05/2017	(6)

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 grantees on 17 January 2008, with an exercise price of HK\$8.040 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 grantees on the same day, with an exercise price of HK\$5.750 and are exercisable from 16 December 2009 to 24 May 2017.
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\$6.070 and are exercisable from 3 December 2010 to 24 May 2017.
4. Pursuant to the Scheme, a total of 16,800,000 share options were granted on 7 November 2011 and accepted by the grantees on 11 November 2011, with an exercise price of HK\$3.560 and are exercisable from 11 November 2011 to 24 May 2017.
5. Pursuant to the Scheme, a total of 18,800,000 share options were granted on 19 December 2012 and accepted by the grantees on the same day, with an exercise price of HK\$4.060 and are exercisable from 19 December 2012 to 24 May 2017.
6. Pursuant to the Scheme, a total of 13,750,000 share options were granted on 20 December 2013 and accepted by the grantees on the same day, with an exercise price of HK\$5.532 and are exercisable from 20 December 2013 to 24 May 2017.

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 for Securities Transactions by Directors of Listed Issuers.

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 of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Position in Tsinlien
Mr. Wu Xuemin	Director
Mr. Wang Zhiyong	Director

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons or corporations (other than the Directors or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital:

Name of Shareholder	Notes	Capacity	Number of shares held	Approximate percentage of interests to the total issued shares
Tianjin Pharmaceutical Group Co., Ltd. (天津市醫藥集團有限公司)	1	Interest of controlled corporation	672,593,143 (L)	63.01%
		Interest of controlled corporation	2,824,335 (S)	0.26%
Tsinlien	2	Interest of controlled corporation	672,593,143 (L)	63.01%
		Interest of controlled corporation	2,824,335 (S)	0.26%

“L” denotes a long position in shares

“S” denotes a short position in shares

Notes:

1. Tsinlien is a wholly-owned subsidiary of Tianjin Pharmaceutical Group Co., Ltd. By virtue of the SFO, Tianjin Pharmaceutical Group Co., Ltd. is deemed to have an interest in the shares in which Tsinlien is interested.
2. As at the Latest Practicable Date, Tsinlien directly held 22,340,000 shares of the Company and its wholly-owned subsidiaries, namely Tianjin Investment Holdings Limited, Tsinlien Venture Capital Company Limited and Tsinlien Investment Limited held 568,017,143 shares, 2,022,000 shares and 80,214,000 shares of the Company respectively. By virtue of the SFO, Tsinlien is therefore deemed to have an interest in the shares of the Company in which Tianjin Investment Holdings Limited, Tsinlien Venture Capital Company Limited and Tsinlien Investment Limited are interested.
3. In April 2011, Bright North Limited, a wholly-owned subsidiary of Tsinlien, issued an aggregate of RMB1,638,000,000 U.S. Dollar Settled 1.25 per cent. Guaranteed Exchangeable Bonds due 2016 guaranteed by Tsinlien and exchangeable into ordinary shares of the Company. Based on a corporate substantial shareholder notice, Tsinlien is deemed to have a short position of 2,824,335 shares of the Company as from 14 April 2014.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there were no other persons (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

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 2013, 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 payment of compensation other than statutory compensation.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors and their respective associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors and his or her associates were appointed to represent the interests of the Company and/or the Group.

7. 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 2013, being the date to which the latest published audited financial statements of the Group were made up.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who have given its opinion and advice, which are included in this Circular:

Name	Qualification
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

Investec has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter, statements and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Investec was not interested in any shares of the Company or shares in any member of the Group nor did it 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, Investec 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 2013, being the date to which the latest published audited financial statements of the Company were made up.

9. 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Mr. Tuen Kong, Simon, who holds a master's degree in business management and 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.

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Sale and Purchase Agreement is available for inspection at the office of Woo Kwan Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours from the date of this Circular up to and including the date of the EGM.



天津發展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 882)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Tianjin Development Holdings Limited (天津發展控股有限公司) (the “**Company**”) will be held at Salon 6, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 16 June 2014 at 4:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the sale and purchase agreement dated 5 May 2014 entered into between the Company as vendor and Tsinlien Group Company Limited (津聯集團有限公司) (“**Tsinlien**”) as purchaser in relation to the disposal of the entire issued share capital of Famous Ever Group Limited (恆名集團有限公司) to Tsinlien by the Company (the “**Sale and Purchase Agreement**”, a copy of which has been produced to the meeting marked “A” and initialled by the chairman of the meeting for the purpose of identification) and all transactions contemplated thereunder and in connection therewith be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to sign, execute, perform and deliver all such other instruments, deeds, documents and agreements and do such acts or things and take all such steps as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the Sale and Purchase Agreement and the transactions contemplated thereunder or to be incidental to, ancillary to or in connection with the matters contemplated therein, including agreeing and making any modifications, amendments or variations to or waivers or extensions of the Sale and Purchase Agreement and the transactions contemplated thereunder as may be necessary or appropriate.”

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

Hong Kong, 27 May 2014

NOTICE OF EGM

Notes:

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his/her stead. A proxy may not be a member of the Company.
- (2) In order to be valid, the completed form of proxy together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or other authority, must be deposited at the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting.
- (3) Where there are joint registered holders of any shares, any one of such persons may vote at the meeting (or at any adjournment thereof), either personally or by proxy in respect of such shares as if he/she were solely entitled thereto, but if more than one of such joint holders is present at the meeting personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such shares.
- (4) The resolution set out in this notice will be decided by poll.
- (5) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the board of directors of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Zhang Wenli, Mr. Wang Zhiyong, Mr. Tuen Kong, Simon, Dr. Cui Di and Mr. Hao Feifei, Mr. Cheung Wing Yui, Edward*, Dr. Chan Ching Har, Eliza*, Dr. Cheng Hon Kwan**, Mr. Mak Kwai Wing, Alexander**, Ms. Ng Yi Kum, Estella**, Mr. Wong Shiu Hoi, Peter** and Dr. Loke Yu**.

* non-executive director

** independent non-executive director