

THIS CIRCULAR IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Tianjin Binhai Teda Logistics (Group) Corporation Limited* (the "Company"), you should at once hand this circular to the purchaser or the transferees or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee(s)

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天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 8348)

(1) CONNECTED TRANSACTION

**(2) PROPOSED AMENDMENTS TO THE ARTICLES
OF THE COMPANY**

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

COMMERZBANK 

Commerzbank AG Hong Kong Branch

Terms used in this cover page shall have the same meaning as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 5 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 of this circular. A letter from Commerzbank containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 20 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at No.39, Bohai Road, Tianjin Economic and Technological Development Zone, Tianjin, the PRC on Wednesday, 8 October 2008 at 9:00 a.m. is set out on pages 31 to 38 of this circular.

A form of proxy for use at the EGM is enclosed and is also published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the EGM, you are requested to complete and return (i) the enclosed reply slip in accordance with the instructions printed thereon not later than Thursday, 18 September 2008 and (ii) the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).

This circular will remain on the "Latest Company Announcement" page of the GEM website at www.hkgem.com and on the Company's website at www.tbtl.com.cn for at least 7 days from the date of its publication.

* For identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

| | |
|---------------------------------|--|
| “Agreement” | the agreement for assignment of the land use right in respect of the industrial land (工業用地使用權轉讓協議) dated 29 July 2008 between the Company and Teda Construction whereby the Company agrees to purchase, and Teda Construction agrees to sell, the Property subject to the terms and conditions therein |
| “Announcement” | the announcement of the Company dated 29 July 2008 in relation to, among other things, (i) the connected transaction and (ii) the proposed amendments to the Articles |
| “Articles” | the articles of association of the Company currently in force |
| “associate” | has the meaning ascribed to it under the GEM Listing Rules |
| “Binhai Yuan Sheng” | Tianjin Binhai Yuan Sheng Steel Market Operation and Management Co., Ltd. (天津濱海元盛鋼材市場經營管理有限公司), which is a company incorporated in the PRC and a non-wholly owned subsidiary of Tianjin Yuan Da Xian Dai Logistics Co., Ltd. (天津元大現代物流有限公司), a wholly owned subsidiary of the Company |
| “Board” | the board of Directors of the Company |
| “Certificate of Land Use Right” | the certificate of land use right in respect of the Land (Kai Zhong Guo Yong (2007) No.0126) (國有土地使用權證 (開中國用(2007)第0126號)) |
| “Company” | Tianjin Binhai Teda Logistics (Group) Corporation Limited* (天津濱海泰達物流集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability |
| “Completion” | the completion of the Transaction subject to the terms and conditions of the Agreement |
| “Completion Date” | the date on which the Completion shall take place |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |

DEFINITIONS

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| “controlling shareholder(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Commerzbank” or “Independent Financial Advisor” | Commerzbank AG, acting through its Hong Kong branch, a licensed bank under the Banking Ordinance, (Chapter 155 of the Laws of Hong Kong) and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 of the SFO and the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the Transaction |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company convened to be held on Wednesday, 8 October 2008 for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder as well as the proposed amendments to the Articles |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “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” | an independent board committee comprising all the independent non-executive directors of the Company, namely, Mr. Zhang Limin, Mr. Luo Yongtai and Mr. Liu Jing Fu, to be established to advise the Independent Shareholders regarding the Transaction |
| “Independent Shareholders” | Shareholders other than Teda Holding and its associates, which are required to abstain from voting at the proposed ordinary resolution to approve the Agreement and the transactions contemplated thereunder at the EGM |

DEFINITIONS

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|---------------------------|--|
| “Land” | a land situate at the junction of the Seventh Avenue and Muning Road, the Tianjin Economic and Technological Development Zone, Tianjin, the PRC with a total site area of approximately 13,969 sq.m. |
| “Land Use Right” | the land use right in respect of the Land and the buildings thereon |
| “Latest Practicable Date” | 15 August 2008, being the latest practicable date prior to the printing of this circular for ascertaining information contained in this circular |
| “Listing” | the listing of the Company on GEM on 30 April 2008 |
| “PRC” | the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Property” | the Land together with the Land Use Right thereof and all the buildings and construction works on the Land |
| “Prospectus” | the prospectus of the Company dated 24 April 2008 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholders” | holder(s) of the Shares |
| “Shares” | the ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, comprising the domestic shares and the H shares |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) sq.m. means square meter |
| “sq.m.” | square meter |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “TBW” | TEDA General Bonded Warehouse CO., Ltd. (天津開發區泰達公共保稅倉有限公司), which is a company incorporated in the PRC and a wholly owned subsidiary of the Company |
| “TEDA” | Tianjin Economic and Technological Development Area (天津經濟技術開發區), which is situate at Tianjin Binhai New Area |

DEFINITIONS

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|---------------------|--|
| “Teda Construction” | Tianjin Teda Construction Group Co., Ltd. (天津泰達建設集團有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of Teda Holding |
| “Teda Holding” | Tianjin Teda Investment Holding Co., Ltd. (天津泰達投資控股有限公司), a state-owned enterprise incorporated in the PRC, which is a controlling shareholder of the Company |
| “Transaction” | the acquisition of the Property by the Company from Teda Construction pursuant to the terms of the Agreement |
| “%” | per cent |

* For identification purpose only

For the purpose of illustration only and unless otherwise specified in this circular, amounts denominated in RMB have been converted into HK\$ at a rate of RMB1.00 to HK\$0.8755. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at the above rate or at any other rates or at all.

LETTER FROM THE BOARD



天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 8348)

Executive Directors:

Mr. Zhang Jian

Mr. Sun Quan

Non-executive Directors:

Mr. Zhang Jun

Mr. Ding Yi

Independent non-executive Directors:

Mr. Zhang Limin

Mr. Luo Yongtai

Mr. Liu Jing Fu

*Registered office and Principal place of
Business in the PRC:*

No. 39, Bohai Road

Tianjin Economic and

Technological Development Zone

Tianjin

The PRC

Principal place of business in Hong Kong:

Suite 2208, 22/F, Jardine House

1 Connaught Place

Central

Hong Kong

19 August 2008

To the Shareholders

Dear Sir or Madam,

(1) CONNECTED TRANSACTION

(2) PROPOSED AMENDMENTS TO THE ARTICLES OF THE COMPANY

INTRODUCTION

On 29 July 2008, the Company announced in the Announcement that, among other matters, (i) the Company's entering into the Agreement with Teda Construction for acquisition of the Property and (ii) the proposed amendments to the Articles.

The purpose of this circular is to give you, among other things, further details on (i) the Agreement, (ii) the recommendation from the Independent Board Committee, (iii) the letter of advice from Commerzbank; (iv) the Valuation Report and (v) a notice to convene the EGM.

* For identification purposes only

LETTER FROM THE BOARD

THE TRANSACTION

Acquisition of the Property

Date : 29 July 2008

Parties : (1) The Company, as purchaser
(2) Teda Construction, as seller, which is a wholly-owned subsidiary of the controlling shareholder of the Company, namely, Teda Holding

Property to be acquired : The Company, as the purchaser, shall acquire the Property pursuant to the terms and conditions of the Agreement. According to the Certificate of Land Use Right, the term of the Land Use Right commences from 19 April 2007 to 9 February 2048 and will be specifically used for industrial purpose.

The Land was purchased by Teda Construction from Teda Holding at a consideration of RMB419,071.80 on 19 April 2007. The original cost of the buildings and the construction works on the Land incurred by Teda Construction was approximately RMB11,500,000.

The construction works on the Land are completed pending the issue of the building ownership certificate(s) from the relevant PRC authorities. The buildings on the Land are warehouses and the construction area of which amounts to approximately 6,603 sq.m..

Consideration : Upon fulfilment of the conditions precedent set out below, the Company shall purchase, and Teda Construction shall sell, the Property at an aggregate consideration of RMB15 million (exclusive of any applicable taxation and duty in connection with the Transaction) subject to the terms and conditions of the Agreement. The applicable taxation and duty in connection with the Transaction, which is estimated to be in the sum of approximately RMB1.6 million, shall be borne by the Company.

LETTER FROM THE BOARD

The Consideration has been arrived at after arm's length negotiations between Teda Construction and the Company with reference to the valuation on the Property conducted by qualified professional valuer in the PRC, which is independent from the Company. The valuation method adopted is "Depreciated Replacement Costs" approach. According to the valuation report, the estimated net asset value of the Property is approximately RMB15 million as at 30 June 2008.

The Consideration will be paid by way of cash in two (2) instalments. The first payment in the sum of RMB5,742,000 will be paid by the Company to Teda Construction on the Completion Date. The balance payment in the sum of RMB9,258,000 will be paid by the Company into an escrow account on the Completion Date and will be released to Teda Construction subject to completion of the registration process of the Property under the name of the Company.

The Consideration will be financed by the internally generated funds of the Group (exclusive of any proceeds obtained from the Listing).

- Conditions precedent : The Agreement shall become effective and the Completion is conditional upon the fulfilment of the following conditions precedent:
- (i) The Company has made full disclosure and obtained the approvals from the Independent Non-executive Directors and the Independent Shareholders in an EGM regarding the Transaction pursuant to the GEM Listing Rules; and
 - (ii) Both the Company and Teda Construction have obtained the necessary resolutions from its board of directors or decision making bodies and the approval documents from the relevant regulating bodies in respect of the Transaction.

As at the Latest Practicable Date, the Company has obtained the approvals from the Board and the Independent Non-executive Directors regarding the Transaction.

LETTER FROM THE BOARD

Consequence if failing to register the Property : If the Company and Teda Construction fail to register the Property under the name of the Company in accordance with the terms of the Agreement, it is agreed that the Agreement shall terminate automatically and neither of the parties shall be responsible to another party in respect of any breach. In such event, Teda Construction shall refund to the Company all the payments received pursuant to the Agreement and the Company shall return to Teda Construction the Property and assist in restoring the registration of the Property in the name of Teda Construction.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

The Company has placed substantial investments in logistics infrastructure in the year of 2008. Besides applying the proceeds from Listing in accordance with the manners as set out in the Prospectus, which includes constructing a logistics warehousing site in Tianjin Port, the Company also makes investments in other quality logistics infrastructure funded by the Company's internal finance resources in order to meet the urgent demand of warehousing resources and facilities arising from the overall development of logistics business of the Group. The Land is located in the core area of TEDA and is in close proximity to the headquarters of the Company and its subsidiaries such as TBW and Binhai Yuan Sheng. It is intended that the Property will be used for warehousing upon the acquisition. Thus, the Transaction would deliver enormous benefits to the future operation of the Company in terms of both economy of scale and team competence.

The Board consider that the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

INFORMATION ON TEDA CONSTRUCTION AND TEDA HOLDING

Teda Construction is a large-scale state-owned enterprise in the PRC, which is principally engaged in the property development and management, infrastructure construction and decoration. At present, the total assets of Teda Construction amount to over RMB15 billion.

Teda Holding is a state-owned enterprise established in the PRC and is wholly owned by TEDA Administrative Commission (天津經濟技術開發區管理委員會), which is a government authority performing unified management in TEDA on behalf of the People's Government of Tianjin. Teda Holding is an operating unit responsible for the management of state-owned assets, companies or other operating institutions in TEDA as authorised by TEDA Administrative Commission. It is principally engaged in the provision of electricity, water, gas and road infrastructure facilities and real estate development.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Group is principally engaged in provision of comprehensive logistics and supply chain solutions as well as steel procurement services in the PRC.

IMPLICATIONS UNDER THE GEM LISTING RULES

Teda Holding is one of the controlling shareholders of the Company and holds approximately 50.45% of the total issued shares in the Company as at the Latest Practicable Date. Teda Construction, being the wholly-owned subsidiary of Teda Holding, is considered as an associate of Teda Holding and thus, a connected person of the Company under the GEM Listing Rules. Accordingly, the Transaction constitutes a non-exempt connected transaction of the Company under Rule 20.13 of the GEM Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirement under the GEM Listing Rules. Teda Holding and its associates will abstain from voting (which will be taken by poll) at the EGM on the relevant resolutions approval the Transaction. Apart from Teda Holding and its associates, no other Shareholder is interested in the Transaction or is required to abstain from voting at the EGM.

The Independent Board Committee (comprising all the independent non-executive directors of the Company) has been established to advise Independent Shareholders with respect to the Transaction. Your attention is drawn to its letter of recommendation set out on page 12 of this circular. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders the same respect. Your attention is drawn to its letter of advice set out on pages 13 to 20 of this circular.

PROPOSED AMENDMENTS TO THE ARTICLES

In light of the changes to the capital nature, the shareholdings and the term of operation of the Company after Listing, and also in contemplation of the future development of the future Company, special resolutions will be proposed, among other things, at the EGM to approve the necessary amendments to the relevant provisions of the Articles, including but without limitation, the registered capital, the shareholdings, the duties of directors and the appointment of general manager, so as to comply with the applicable laws and regulations in the PRC and to cater for the future development plans of the Company.

A full text of the proposed amendments to the Articles is set out in the resolutions number 2 in the notice of the EGM set out in pages 31 to 38 of this circular.

The proposed amendments to the Articles as set out in the resolutions number 2 in the notice of the EGM are formulated in Chinese, and translated into English for incorporation in this circular for information purposes only. The Chinese language version shall generally prevail over the English language version for the purpose of interpretation.

LETTER FROM THE BOARD

THE EGM

A notice convening the EGM to be held at No.39, Bohai Road, Tianjin Economic and Technological Development Zone, Tianjin, the PRC on Wednesday, 8 October 2008 at 9:00 a.m. is set out on pages 31 to 37 of this circular.

In order to determine the list of Shareholders who are entitled to attend the EGM, the Company's registers of members will be closed from Tuesday, 9 September 2008 to Wednesday, 8 October 2008, both days inclusive, during which period no transfer of Shares will be effected. Holders of H Shares and Domestic Shares whose names appear on the Company's registers of members on Monday, 8 September are entitled to attend the EGM. In order to qualify for attending and vote at the EGM, holders of H Shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 8 September 2008.

A form of proxy for use at the EGM is enclosed and is also published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the EGM, you are requested to complete and return (i) the enclosed reply slip in accordance with the instructions printed thereon not later than Thursday, 18 September 2008 and (ii) the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be).

PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

According to Article 79 of the Articles of Association and subject to the rules prescribed by the Stock Exchange, at any general meeting of the Company a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded: (i) by the chairman of the meeting; (ii) by at least two Shareholders or proxies entitled to vote; or (iii) by one or more Shareholders (including proxy of Shareholder) alone or jointly representing 10 percent or more (inclusive) of all Shares carrying the right to vote at such meeting.

Unless a poll is demanded otherwise, the declaration of the results on a show of hands by the chairman of the meeting on the approval of the resolution proposed and recorded in the minutes of the meeting will be final, without inclusion of evidences on the votes as to the proportion for or against the resolution proposed in such meeting. The demand for a poll may be withdrawn by the party who has made such demand.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the advice of the Independent Board Committee set out in its letter on page 12 of this circular. Your attention is also drawn to the letter of advice from Commerzbank to the Independent Board Committee and the Independent Shareholders in respect of the Transaction as set out on pages 13 to 20 in this circular. The Independent Board Committee, having taken into account the advice of Commerzbank, considers that the Transaction is in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the Agreement is fair and reasonable so far as the Independent Shareholders are concerned and recommends that the Independent Shareholders to vote in favour of the ordinary resolution to approve the transactions contemplated under the Agreement at the EGM.

The Board also considers that the proposed amendments to the Articles are in the interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of the special resolutions to approve the proposed amendments to the Articles.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,

By order of the Board

天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited

Zhang Jian

Chairman



天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 8348)

19 August 2008

To the Independent Shareholders

Dear Sir or Madam,

(1) CONNECTED TRANSACTION

(2) PROPOSED AMENDMENTS TO THE ARTICLES OF THE COMPANY

We refer to the circular issued by the Company to the Shareholders dated 19 August 2008 (the "Circular") of which this letter forms part. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise you on the terms of the Agreement and the transactions contemplated thereunder. Commerzbank has been appointed as the Independent Financial Advisor to advise you and us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out from pages 13 to 20 of the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Agreement and the transactions contemplated thereunder, and taking into account the independent advice of Commerzbank, in particular the principal factors, reasons and recommendations set out in its letter from pages 13 to 20 of the Circular, we consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable as far as the Independent Shareholders are concerned and the entering into of the Agreement by the Company is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Mr. Zhang Limin
Mr. Luo Yongtai
Mr. Liu Jing Fu

* For identification purpose only

LETTER FROM COMMERZBANK

COMMERZBANK 

Hong Kong Branch
21st Floor, Hong Kong Club Building
3A Chater Road, Central
Hong Kong

19 August 2008

To the Independent Board Committee and the Independent Shareholders

Dear Sirs

CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF THE PROPERTY IN TIANJIN, PRC

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement relating to the acquisition of the Property, details of which, among other things, are set out in the circular dated 19 August 2008 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 29 July 2008, the Company and Teda Construction entered into the Agreement, pursuant to which the Company agreed to acquire, and Teda Construction agreed to dispose of the Property at the consideration (the “Consideration”) of RMB15.00 million (equivalent to approximately HK\$17.13 million) which will be satisfied entirely by cash.

Since Teda Construction is a wholly-owned subsidiary of Teda Holding, a state-owned enterprise incorporated in PRC and the controlling Shareholder holding approximately 50.45% of the issued share capital of the Company, Teda Construction is a connected person of the Company under the GEM Listing Rules. Accordingly, the Transaction constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Transaction are more than 2.5% and the Consideration is greater than HK\$10.00 million, the Transaction constitutes a non-exempted connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules. Accordingly, Teda Holding and its associates are required to abstain from voting in the resolution in connection with the Agreement.

LETTER FROM COMMERZBANK

The Board comprises seven Directors with Mr. Zhang Jian and Mr. Sun Quan as the executive Directors; Mr. Zhang Jun and Mr. Ding Yi as the non-executive Directors; and Mr. Zhang Limin, Mr. Luo Yongtai and Mr. Liu Jing Fu as the independent non-executive Directors. The Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Transaction and the terms of the Agreement. We, Commerzbank AG Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Transaction and the terms of the Agreement as to whether (i) the Transaction is conducted in the Group's ordinary and usual course of business; (ii) the terms of the Agreement are on normal commercial terms; and (iii) the Transaction is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things, (i) the Circular; (ii) the Agreement; (iii) the valuation report (the "Valuation Report") in respect of the Property as prepared by DTZ Debenham Tie Leung Limited (the "Valuer"); and (iv) the Prospectus. We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the Directors that having made all reasonable enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation or the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which it is wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so up to the date of despatch of the Circular.

We consider that we have (i) taken reasonable steps as required under Rule 17.92 of the GEM Listing Rules in obtaining all necessary information from the Company; and (ii) reviewed sufficient information to enable us to reach an informed view and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Company and their respective associates.

LETTER FROM COMMERZBANK

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders in relation to the Transaction and the terms of the Agreement, we have taken into account the following principal factors:

1. Principal Business of the Group

The Group is principally engaged in the provision of comprehensive logistics and supply chain solutions in PRC with an operating history of over 10 years. In April 2008, the Company was successfully listed on GEM. Set out below is a summary of the Group's financial results for the three years ended 31 December 2007:

| | For the year ended 31 December | | | | | |
|--|--------------------------------|--------|----------------------|--------|----------------------|--------|
| | 2005 | | 2006 | | 2007 | |
| | RMB'000 (Audited) | % | RMB'000 (Audited) | % | RMB'000 (Audited) | % |
| Revenue | | | | | | |
| Logistics and supply chain solutions | 496,666 | 100.00 | 709,940 | 100.00 | 918,566 | 96.73 |
| – Logistics and supply chain solution | 449,682 | 90.54 | 659,541 | 92.90 | 853,999 | 89.93 |
| – Materials procurement logistics services | 46,984 | 9.46 | 50,399 | 7.10 | 64,567 | 6.80 |
| Steel procurement services | – | | – | | 31,043 | 3.27 |
| Total | 496,666 | 100.00 | 709,940 | 100.00 | 949,609 | 100.00 |
| Gross Profit | 57,541 | | 115,438 | | 149,039 | |
| <i>Gross Profit Margin</i> | 11.59% | | 16.26% | | 15.69% | |
| Profit attributable to the Shareholders | 28,714 | | 47,578 | | 64,371 | |
| <i>Net Profit Margin</i> | 5.78% | | 6.70% | | 6.78% | |

Source: the Prospectus

The logistics business of the Group involves the designs and planning of tailor-made logistics and supply chain solutions for its customers, including freight forwarding service, custom clearance, storage and warehousing management, pre-production preparation and processing services, such that the Group's customers will be able to enjoy the economic benefits of having a shorter lead time for delivery and lower the inventory level of the requisite production materials and components. In order to implement its logistics and supply chain solutions effectively, the Group has developed an extensive logistics infrastructure, comprising a network of warehouses, regional distribution centres and ancillary office premises in a number of major coastal cities such as Tianjin, Shanghai and Dalian.

LETTER FROM COMMERZBANK

Similar to other logistics and supply chain solution providers, warehousing is an integral part of the Group's business activities to provide its comprehensive logistics and supply chain solutions. The management of the Company has confirmed that, whilst it is stated in the Prospectus that the proceeds from the Listing will be primarily used for the development of the Group's warehousing and storage facilities in the sites located at Tianjin Port and other areas of TEDA, as part of the Group's overall development plan for its logistics business, the Group will also utilise its internal resources to invest in other quality logistics infrastructure to meet the demand of warehouse resources and facilities in the course of its business expansion. Given the fact that the Property will be used for warehousing purpose, we are of the view that the Transaction is in the ordinary and usual course of the business of the Group.

2. Background of Tianjin and the Geographical Advantage of the Property

Geographical Advantage of the Property

The Property is located at the junction of the Seventh Avenue and Muning Road, TEDA, Tianjin, PRC, comprising the Land of approximately 13,969.00 sq.m. and an industrial building (the "Building") with a gross floor area of approximately 6,603.00 sq.m. has been erected onto it. The Land is located at the core area of TEDA and is in close proximity to (i) the headquarters of the Company; (ii) the offices of the Company's key operating subsidiaries such as TBW (principally engaged in the provision of warehousing services) and Binhai Yuan Sheng (principally engaged in the provision of warehousing, delivery and other logistics services relating to steel material); and (iii) other warehouses and regional distribution centres located in TEDA owned and/or leased by the Group.

TEDA is situated in Tianjin Binhai New Area ("BNA"), which BNA is in turn situated at the northern part of North China Plain, at the intersection between Shandong Province and Liaodong Province, the lower reaches of Haihe Valley and at the northern part of the Bohai Bay on the verge of Bohai Sea. As disclosed in the Prospectus, development of BNA is a key part of Tianjin's logistics industry development plan as according to The Outline of the 11th Five-year Plan For Economic and Social Development of Tianjin. Bohai Rim has also been projected as the third growth engine of national development after Pearl River Delta and Yangtze River Delta with BNA being the growth engine for regional economic development under the Outline of the 11th Five-year Plan for National Economic and Social Development of PRC (the "11th Five-year Plan").

Development of PRC's Logistics Industry as a National Plan

As indicated in the Prospectus, owing to the rapid growth in PRC's economy, there is a growing demands for logistics services in PRC, whilst on the other hand, the continuing development and increase in operational efficiency of PRC's logistics industry have also further expedited PRC's economic development. The logistics industry has now become an important industry for the growth of PRC's economy.

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Over the past decade, both the demand and market development of PRC's logistics industry have been increased substantially, with logistics demand, as measured by the total logistics value (being the total value of the goods delivered/being delivered to the end users through the logistics services within a certain period of time and represents the aggregate value of all logistics activities within a period of time) having been increased from RMB11,028.8 billion (equivalent to approximately HK\$12,597.1 billion) in 1996 to RMB59,600.0 billion (equivalent to approximately HK\$68,075.4 billion) in 2006, representing a compounded annual growth rate ("CAGR") of approximately 18.4%; whereas the total logistics expenditure (being the aggregate value of all expenditures incurred by the national economy on logistics activities), an indicator of the logistics services development, has been increased from RMB1,499.3 billion (equivalent to approximately HK\$1,712.5 billion) in 1996 to RMB3,841.4 billion (equivalent to approximately HK\$4,387.7 billion) in 2006, representing a CAGR of approximately 9.9%. Given the growing importance of PRC's logistics industry, the PRC government has, in its 11th Five-year Plan, emphasized on the development of logistics services and promoted modern logistics management technology in PRC.

Preferential Government Policy to Promote Tianjin as PRC's Logistics Centre

Tianjin, located in the vicinity of Beijing and Hebei Province, PRC, is one of the key economic centres in the northern region of PRC. It has an area spanning over 2.4 million square kilometers, connecting to 14 provinces, autonomous regions and cities. As a coastal city, Tianjin is also an important port city between eastern and western region of PRC, and an international shipping and logistics centre of northern PRC.

In recent years, the PRC government, in an effort to establish Tianjin as a modernised international port metropolis and an international logistics city, has adopted a number of measures to promote the development of modern logistics, such measure has allowed Tianjin to enjoy a number of advantages to develop its logistics industry which are summarised as follows:

- (i) At the 5th Plenary Session of the 16th Central Committee of the Communist Party of China ("CPC") held in 2005, the central government included BNA in the PRC's national development strategy. BNA's function, as according to a report of State Council's Opinion Concerning the Development of BNA, has been redefined as "*a gateway of northern China to the outside world, a modern manufacturing and research and development base, an international shipping and logistics centre for northern China, and a new city with flourishing economy for settlement*". These policies have provided wider room for the development of the logistics industry in Tianjin; and

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- (ii) The Tianjin government has created a more congenial policy environment for the development of the logistics industry, including, among other things, strengthening commitment to service and simplifying verification procedures relating to the logistics industry.

Given the above, we are of the view that the Transaction is in the interest of the Company and the Shareholders as a whole.

3. Major terms and condition of the Agreement

Completion is subject to, among other things, (i) the Company having made full disclosure and obtained the approvals from the independent non-executive Directors and the Independent Shareholders at the EGM regarding the Transaction and (ii) both the Company and Teda Construction have obtained the necessary approvals from the relevant regulatory authorities in respect of the Transaction (including, amongst others, the transfer of the Land Use Right from Teda Construction to the Group).

RMB5.74 million (equivalent to approximately HK\$6.55 million) of the Consideration is payable on the Completion Date and the remaining balance of RMB9.26 million (equivalent to approximately HK\$10.58 million) will be deposited into an escrow account on the Completion Date (which will be released to Teda Construction after the registration process of the Property under the name of the Company has been completed). In addition, pursuant to the Agreement, Company will be responsible for the applicable taxation and duty in connection with the Transaction, which are estimated to be approximately RMB1.60 million (equivalent to approximately HK\$1.83 million) in aggregate.

As disclosed in the Valuation Report and the section headed "Letter from the Board" of the Circular, the relevant construction work of the Building has been completed pending the issue of the building ownership certificates from the relevant PRC authorities. Despite the fact that there shall not be any legal impediment in obtaining the relevant building ownership certificates by Teda Construction as stated in the Valuation Report, there are certain provisions contained in the Agreement to safeguard the Company's interest in the Transaction, including (i) a majority amount of the Consideration to be deposited in an escrow account on the Completion Date and will be released to Teda Construction subject to completion of the registration process of the Property under the name of the Company; and (ii) in the event that the Company and Teda Construction fail to register the Property under the name of the Company in accordance with the terms of the Agreement, the Agreement shall lapse automatically and neither of the parties shall be responsible to another party in respect of any breach. Under such circumstances, Teda Construction shall refund to the Company all the payments received pursuant to the Agreement and the Company shall return to Teda Construction the Property and assist in restoring the registration of the Property in the name of Teda Construction.

4. The Consideration

The Consideration of RMB15.00 million, comprising (i) approximately RMB5.74 million (equivalent to approximately HK\$6.55 million) as the consideration for the transfer of the Land and (ii) the remaining RMB9.26 million (equivalent to approximately HK\$10.58 million) as the consideration for the Building, is arrived at after arm's length negotiations between Teda Construction and the Company and is the same as valuation of the Property (the "Valuation") as at 30 June 2008 conducted by the Valuer. We have reviewed and discussed with the Valuer regarding the methodology of, and bases and assumption adopted for the Valuation and noted that the Valuation represents the market value of the Property and has adopted the "Depreciated Replacement Cost" approach in valuing the Property. Under such valuation method, the value of the Property is derived by the aggregate of (i) the market value of the Land in its existing use with reference to comparable sales evidence as available in the relevant market; and (ii) the estimated cost of erecting the Building (or a modern substitute building having the same area as the existing building at prices current at the relevant date), less the allowances for physical deterioration and all relevant forms of obsolescence. Given that the Property is specifically for warehousing purposes and there are limited relevant transactions which can be directly compared to the Transaction (particularly, the Building), we consider that the above-mentioned methodology is a reasonable approach in deriving the market value of the Property.

Based on the above, we are of the view that the Consideration, is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

5. Financial impacts of the Transaction

(i) Earnings

Upon completion of the Transaction, the Property will be recorded as fixed assets in the Group's financial statements and is subject to the Group's depreciation policy. Accordingly, it is expected that the Transaction will result in an increase in the Group's depreciation expenses. However, given the Property is primarily for the Group's warehousing purpose, being an integral part of the Group's business in providing comprehensive logistics and supply chain solutions to its customers, the management of the Company expects that the depreciation expenses can be offset by the potential increase in revenue (hence net profit) as a result of the Group's potential business expansion due to the increment of its warehousing capacity.

(ii) Gearing and working capital

The Group had a net cash of approximately RMB153.56 million (equivalent to approximately HK\$175.40 million) (being the Company's the cash and bank balances of approximately RMB179.67 million (equivalent to approximately HK\$205.22 million) less its bank borrowings of approximately RMB26.11 million (equivalent to approximately HK\$29.82 million)) as at 31 December 2007 and the Listing has raised approximately HK\$147.0 million in April 2008. As stated in the Valuation Report, the construction work of the

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Property was completed in 1997 and, therefore, the management of the Company expects that additional cost (if any) to be incurred prior to the Group's commencement of operations in the Property will be insignificant. Having considered the excessive cash position of the Group, no material adverse impact on the gearing ratio and working capital of the Group will be expected as a result of the Transaction.

(iii) Net asset value

After completion of the Transaction, the non-current assets of the Group will be increased by the amount of the Consideration and the Group's current assets will be decreased by the same. Accordingly, save for the taxation and duty of approximately RMB1.6 million to be borne by the Company in connection with the Transaction, it is expected that there will not be material adverse impact on the Group's net asset value as a result of the Transaction.

CONCLUSION AND ANALYSIS

In order to strengthen the Group's market position and capitalise on the opportunities of the growing logistics market in PRC, particularly, (i) the recognition of the logistics industry by the national government in PRC's future economic development; and (ii) the various preferential government policies introduced by the national and regional government for the promotion of logistics industry in Tianjin; and (iii) the geographical advantage and importance of Tianjin (hence TEDA) as the logistic centre in the northern region of PRC, the Group plans to, among other things, (i) enhance its operational efficiency to further expand its customer base and (ii) strengthen its logistics infrastructure and capability by expanding its network of warehouses and distribution centres and developing additional information systems to cater for different industry requirements. Given that the Property is situated in TEDA, being one of the key areas for Tianjin's future development in logistics industry and its geographic proximity with the Group's other logistics infrastructure, the management of the Company expects that the Transaction will bring positive contribution in terms of cost effectiveness and operation efficiency as well as the potential increase in the Group's profitability due to the increase in the Group's warehousing capacity.

RECOMMENDATION

Based on the above principal factors and reasons, we consider that the Transaction is in the ordinary and usual course of business of the Group and terms of the Agreement are on normal commercial terms and are fair and reasonable in so far as the Independent Shareholders are concerned and the Transaction is in the interest of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution in relation to the Agreement at the EGM.

Yours faithfully,
For and on behalf of
Commerzbank AG Hong Kong Branch

Kenneth Chan
Head of Corporate Finance – Asia Pacific

Gaston Lam
Corporate Finance – Asia Pacific

The following is the text of a letter, summary of valuation and valuation certificates prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of values of the property interests in the PRC as at 30 June 2008.



19 August 2008

Tianjin Binhai Teda Logistics (Group) Corporation Limited
No. 39 Bohai Road
Tianjin Economic and Technological Development Zone
Tianjin
The People's Republic of China

Dear Sirs,

Instructions, Purpose & Date of Valuation

We refer to your instructions for us to value the interests in the property held in the People's Republic of China (the "PRC"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing Tianjin Binhai Teda Logistic (Group) Corporation Limited (referred to as the "Company") or its subsidiaries (together referred to as the "Group") with our opinion of the market value of the property interests as at 30 June 2008 (the "Date of Valuation").

Basis of Valuation

Our valuation of the property interests represents the market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors is defined as "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".

Valuation Assumptions

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

We have relied on the information given by the Group and the opinion of its PRC legal adviser, regarding the title to the property interests in the PRC and the interests of the Group in the property in the PRC. The status of titles and grant of major approvals and licences, in accordance with the information provided by the Group and the PRC legal opinion are set out in the notes in the valuation certificate.

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

The property valuation complies with the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and Valuation Standards on Properties (First Edition 2005) of The Hong Kong Institute of Surveyors.

Method of Valuation

In valuing the property interests, we have adopted the “Depreciated Replacement Cost (“DRC”) Approach”. DRC is a method where the value of a property is derived by adding together the market value of the land in its existing use and the current gross replacement costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence. We have valued the land on an assumption of sale with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. The term gross replacement cost is defined as the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at prices current at the relevant date. This figure includes fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building. The DRC Approach generally furnishes a reliable indication of value for properties with specific nature and design of buildings, in the absence of identifiable market sales comparables.

Source of Information

In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its legal adviser and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, development schemes, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

Title Investigation

In respect of the property interests in the PRC, we have been provided with extracts of documents in relation to the title to the property interests. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

Site Inspection

We have inspected the exterior and, wherever possible, the interior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not able to report whether the property is free of rot, infestation and any other structural defects, no tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation certificate are in Renminbi, the official currency of the PRC.

The valuation certificate is attached.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Philip C. Y. Tsang
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S
Director

Note: Mr. Philip C. Y. Tsang is a Registered Professional Surveyor who has over 16 years' of experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

| Property | Description and tenure | Particular of occupancy | Capital value in Existing state as at 30 June 2008 |
|--|---|-----------------------------------|--|
| Industrial workshop, Junction of the Seventh Avenue and Muning Road, Tianjin Economic and Technological Development Zone, Tianjin, the PRC | <p>The property comprises an industrial workshop erected on a site with an area of approximately 13,969.06 sq.m. (150,363 sq.ft). The property was completed in 1997.</p> <p>It is used as industrial workshop with a total gross floor area of approximately 6,603 sq.m (71,075 sq.ft.).</p> <p>The property is held for a land use term from 19 April 2007 to 9 February 2048 for industrial use.</p> | The property is currently vacant. | <p>RMB15,000,000</p> <p>(The valuation is prepared on the assumption that the Building Ownership Certificate will be obtained in due course)</p> |

Notes:-

- (1) According to State-owned Land Use Rights Certificate No. (2007) 0126 dated 18 December 2007, the land use rights of the property, comprising a site area of 13,969.06 sq.m., have been granted to Tianjin TEDA Construction Group Co., Ltd. (天津泰達建設集團有限公司) for a term from 19 April 2007 to 9 February 2048 for industrial use.
- (2) According to Transfer Contract of State-owned Land Use Rights entered into between Tianjin TEDA Investment Holding Co., Ltd. (天津泰達投資控股有限公司) (the Transferor) and Tianjin TEDA Construction Group Co., Ltd. (天津泰達建設集團有限公司) (the Transferee) on 19 April 2007, the Transferor agreed to transfer the land use rights of the property to the Transferee with salient points as follow:-
 - (i) Location : No. 35 of the Seventh Avenue, TEDA
(As confirmed by the Group, the current address: Junction of the Seventh Avenue and Muning Road, TEDA)
 - (ii) Site area : 13,969.06 sq.m.
 - (iii) Transaction amount : RMB419,071.80
 - (iv) Land use : Industrial
 - (v) Land use term : 50 years
- (3) According to Planning Permit for Construction Works No. 9410031 issued by TEDA Planning Bureau dated 30 October 1994, the construction works of the property, with a total gross floor area of 6,603 sq.m. are in compliance with the construction works requirements and have been approved.
- (4) According to Completion Certificate No. J97-003 dated 8 January 1997, the quality of construction works of the property has met the national completion inspection standards.
- (5) According to Business Licence No. 1200001001150, Tianjin TEDA Construction Group Co., Ltd. was established on 22 November 1995, with a registered capital of RMB600,000,000.

- (6) The opinion of the Group's PRC legal adviser states that:
- (i) Tianjin TEDA Construction Group Co., Ltd. has obtained the land use rights of the property. It is entitled to legally mortgage, lease and transfer the land use rights of property within the permitted use term;
 - (ii) Tianjin TEDA Construction Group Co., Ltd. has obtained the relevant development approvals and Completion Certificate from the government authorities. It shall not have any legal impediment to obtain the Building Ownership Certificates after the registration is approved;
- (7) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the opinion of the PRC legal adviser are as follows:-

| | |
|--|-----|
| State-owned Land Use Rights Certificate | Yes |
| Building Ownership Certificate | No |
| Transfer Contract of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Works | Yes |
| Completion Certificate | Yes |
| Business Licence | Yes |

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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:

- (1) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (2) there are no other matters the omission of which would make any statement in this circular misleading; and
- (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATES

As at the Latest Practicable Date, none of the directors, supervisors and chief executive of the Company or their respective associates (with the meaning of the GEM Listing Rules) held interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong) (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were otherwise required to be notified to the Company and Stock Exchange pursuant to Rules 5.46 to 5.67.

SUBSTANTIAL SHAREHOLDER'S INTERESTS

So far as is known to the directors, supervisors and chief executive of the Company, as at the Latest Practicable Date, the following person (other than a Director or a Supervisor or chief executive of the Company) held or deemed to hold interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or 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 member of the Group.

| Name | Capacity | Number and class of shares | Approximate percentage of shareholding in the same class of shares (Note 1) | Approximate percentage of shareholding in the Company's total issued share capital |
|---|--------------------|------------------------------------|--|--|
| Tianjin Teda Investment Holding Company Limited | Beneficial owner | 178,765,011 (L) Domestic shares | 69.81% | 50.45% |
| Tianjin Economic and Technological Development Area State Asset Operation Company | Beneficial owner | 77,303,789 (L) Domestic shares | 30.19% | 21.82% |
| Tianjin Port Development Holdings Limited | Beneficial owner | 20,000,000 (L) H shares | 20.36% | 5.64% |
| Hongkong Topway Trading Co., Limited | Beneficial owner | 10,000,000 (L) H shares | 10.18% | 2.82% |
| Guotai Junan Assets (Asia) Limited | Investment manager | 9,700,000 (L) H shares | 9.87% | 2.74% |
| The National Council for Social Security Fund of the People's Republic of China | Beneficial owner | 8,931,200 (L) H shares | 9.09% | 2.52% |

Notes:

1. The letter "L" denotes the shareholders' long position in the share capital of the Company.

Save as disclosed above, the Directors are not aware of any persons (other than a Director or a Supervisor or chief executive of the Company) who held, or deemed to hold interests or short positions 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, which were recorded in the register required to be kept by the Company under Section 336 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 member of the Group as at the date of this circular.

DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors and the supervisors of the Company had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Company or are proposed to be acquired or disposed of by or leased to the Company since 31 December 2007, being the date to which the latest published audited accounts of the Company were made up.

None of the Directors and the supervisors of the Company was materially interested in any contract or arrangement entered into by the Company subsisting at the Latest Practicable Date and which is significant in relation to the business of the Company.

COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor his associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

MATERIAL ADVERSE CHANGE

Save as disclosed in this circular, as at the Latest Practicable Date, the Directors were not aware of any material adverse change to the financial or trading position of the Group since 31 December 2007 (being the date of the latest published audited financial statements of the Group).

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

QUALIFICATION OF EXPERTS

- (a) The following are the qualifications of the experts who has given opinion or, advice contained in this circular:

| Name | Qualification |
|-----------------------------|----------------------|
| Tianjin Goldenland Law Firm | The PRC lawyers |

| Name | Qualification |
|--------------------------------|---|
| Commerzbank | A licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 of the SFO |
| DTZ Debenham Tie Leung Limited | An independent valuer |

- (b) As at the Latest Practicable Date, none of Tianjin Goldenland Law Firm, Commerzbank and DTZ Debenham Tie Leung Limited was beneficially interested in the share capital of any member of the Group nor had it have any right whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) As at the Latest Practicable Date, none of Tianjin Goldenland Law Firm, Commerzbank and DTZ Debenham Tie Leung Limited had any direct or indirect interest in any assets which had, since 31 December 2007, being the date of the latest published audited financial statements of the Group, been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

CONSENTS OF EXPERTS

Tianjin Goldenland Law Firm, Commerzbank and DTZ Debenham Tie Leung Limited have given and have not withdrawn their written consents as to the issue of this circular with the inclusion herein of their respective opinions or letters and/or reference to their names, opinions or letters in the form and context in which they respectively appear.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at Suite 2208, 22/F, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours from 9:30 a.m. to 1:00 p.m. and from 2:00 p.m. to 6:00 p.m. (other than Saturdays, Sundays and public holidays) from 19 August 2008 up to and including the date of the EGM:

- (i) the Articles;
- (ii) the Agreement;
- (iii) the letter from the Independent Board Committee as set out in this circular;

- (iv) the letter of advice from Commerzbank to the Independent Board Committee and the Independent Shareholders as set out in this circular;
- (v) the Valuation Report; and
- (vi) the written consents from Tianjin Goldenland Law Firm, Commerzbank and DTZ Debenham Tie Leung Limited referred to in the paragraph headed “Consents of Experts” in this appendix.

MISCELLANEOUS

- (i) The registered office and the principal place of business in the PRC of the Company is at No. 39, Bohai Road, Tianjin Economic and Technological Development Zone, Tianjin, the PRC.
- (ii) The principal place of business of the Company in Hong Kong is Suite 2208, 22/F, Jardine House, 1 Connaught Place, Central, Hong Kong.
- (iii) The Company’s H Share Registrars and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (iv) The company secretary of the Company is Mr. Wang Xiao Jun, who is a practicing solicitor of the High Court of Hong Kong. The Company is in the course of locating the appropriate person to be the qualified accountant of the Company.
- (v) The compliance officer of the Company is Mr. Zhang Jian.
- (vi) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF THE EGM

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this notice, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 8348)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "EGM") of Tianjin Binhai Teda Logistics (Group) Corporation Limited* (the "Company") will be held on Wednesday, 8 October 2008 at 9:00 a.m. at the registered office of the Company at No.39 Bohai Road, Tianjin Economic and Technological Development Zone, Tianjin, the People's Republic of China (the "PRC") for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. "THAT:

- (a) the Agreement for Assignment of Land Use Right in respect of the Industrial Land dated 29 July 2008 (the "Agreement") between the Company, as purchaser, and Teda Construction, as seller, in relation to the sale and purchase of the land situate at the junction of the Seventh Street and Muning Road, the Tianjin Economic and Technological Development Zone, Tianjin, the PRC with a total site area of approximately 13,969 sq.m., a copy of the Agreement has been produced at the meeting marked "A" and initialed by the chairman of the meeting for identification purpose, as more particularly described in the circular to the shareholder of the Company dated 19 August 2008 (the "Circular"), of which this notice forms part and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised to do all other acts and things and execute all documents which they consider necessary or expedient for the implementation of and giving effect to the Agreement and the transactions contemplated thereunder."

* For identification purpose only

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SPECIAL RESOLUTIONS

2. “THAT the Articles of the Company (the “Articles”) be and are hereby amended in the following manners:

- (a) The following provision is added as new Article 4 of the Articles:

The registered capital of the Company is RMB354,312,000.

- (b) Existing Article 15 of the Articles be deleted in entirety and replaced by the following:

The business goal of the Company is: Based on Tianjin Binhai New Area, enhancing its advantages in technology, management, capital and brand, integrating its strategic resources, strengthening regional co-operations, developing businesses in high-end logistics fields, establishing innovative operating platform for comprehensive logistics, providing customers with professional and all-round quality services, achieving sustained growth in enterprise strength, shareholders’ return and social value. Ultimately, the Company will endeavor to become a typical logistics enterprise in the PRC.

- (c) Existing Article 22 of the Articles be deleted in entirety and replaced by the following:

The Company has issued a total of 354,312,000 shares of RMB1.00 each. The structure of share capital of the Company comprises 256,068,800 domestic shares and 98,243,200 foreign shares. The shareholders and their percentage of shareholding is as follows: Tianjin Teda Investment Holding Co. Ltd. and Tianjin Economic and Technological Development Area State Asset Operation Company, shareholders of domestic shares, hold 178,765,011 shares (50.45%) and 77,303,789 shares (21.82%) respectively; while shareholders of H shares own 98,243,200 shares (27.73%). The domestic shares (including State-owned shares), foreign shares of promoters and overseas listed shares referred to in these Articles are all ordinary shares.

- (d) Existing Article 23 of the Articles be deleted in entirety;

- (e) Existing Article 26 of the Articles be deleted in entirety;

- (f) Existing Article 88 of the Articles be deleted in entirety and replaced by the following:

The general meeting shall be convened by the board of directors, and presided over by the chairman of the board. Where the chairman fails to attend the meeting for any reasons, the meeting shall be convened and presided over by a director who shall be elected by more than one-half of the directors.

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Where the board of directors is unable or fails to perform its duties of convening the general meeting, the meeting shall be convened by the supervisory committee, and presided over by the chairman of supervisory committee. Where the supervisory committee fails to convene and preside over the general meeting, the meeting may be convened and presided over by shareholders individually or jointly representing over ten (10) percent of the Company's voting rights for over ninety (90) days.

- (g) Existing Article 107 of the Articles be deleted in entirety and replaced by the following:

The directors shall be elected or replaced at the shareholders' general meeting and their term of office shall be three years. Upon the expiry of the term, a director shall be eligible for re-election and re-appointment. The shareholders' general meeting shall not dismiss any director without valid reasons prior to the expiry of his/her service term.

Subject to the compliance with relevant laws and administrative regulations, the shareholders' general meeting may dismiss any director during his/her service term by way of an ordinary resolution (except any claim for compensation pursuant to the contract shall not be prejudiced).

The written notices in relation to the intention to nominate a person for election as a director and the indication of such person's willingness to accept the nomination shall be lodged to the Company after the day on which the notice of the shareholders' general meeting is dispatched and at least 7 days prior to the date of such meeting.

Candidates for the first session of the board of directors shall be nominated by the promoter and elected at the inaugural meeting of the Company. The number of persons to be elected as directors for each term shall not be less than that as is stipulated under Article 106 of the Articles, and shall not be more than the maximum number of directors as is determined by way of an ordinary resolution at the shareholders' general meeting. In the event that the number of persons who are approved at the shareholders' general meeting to be elected as directors exceeds the proposed maximum number, up to the proposed maximum number of the directors shall be elected in accordance with and in the sequence of the number of votes each of such persons acquired.

Independent non-executive directors of the directors shall meet the following requirements:

- (1) independent of shareholders of the Company;
- (2) not in office within the Company; and

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- (3) one of the independent non-executive directors shall possess appropriate professional qualifications and expertise in accounting or financial management in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The external directors shall have available sufficient time and possess necessary knowledge to perform their responsibilities. The Company shall provide all information necessary to the external directors in the discharge of their responsibilities. The independent non-executive directors may report directly to the shareholders' general meeting, the securities regulatory authority of the State Council and other relevant authorities.

A director may concurrently hold the office of manager or other senior management of the Company (except the office of supervisor of the Company). But the director acting concurrently as the general manager, the senior management officer or appointed from the representative of employees may not exceed one-half of the total number of directors of the Company.

- (h) Existing Article 109 of the Articles be deleted in entirety and replaced by the following:

Directors shall comply with the laws, administrative regulations and these Articles, and undertake the following duties of diligence:

- (1) to act within the scope of his power prudently, carefully and diligently, ensure the operation of the Company is in compliance with the laws, administrative regulations and economic policies;
- (2) to treat all shareholders equally and fairly;
- (3) to be familiar with the status of operation of the Company in time;
- (4) to sign the regular reports of the Company as confirmation, and ensure information disclosed by the Company is true, accurate and complete;
- (5) shall provide information and data to the supervisory committee truly, not interfere with exercising power by the supervisory committee or supervisors.
- (6) other duties of diligence subject to the laws, administrative regulations, policies of authorities and these Articles.

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- (i) Existing Article 115 of the Articles be deleted in entirety and replaced by the following:

The Company shall establish a board of directors, which shall be accountable to the shareholders' general meeting. The board of directors consists of seven directors comprising two executive directors, five non-executive directors and one chairman.

- (j) Existing Article 116 of the Articles be deleted in entirety and replaced by the following:

The chairman of the board of directors shall be elected or removed by more than one-half of all the directors. The term of office of the chairman of the board of directors shall be three years, renewable upon re-election and re-appointment.

- (k) Existing Article 119 of the Articles be deleted in entirety and replaced by the following:

The chairman of the board of directors shall exercise the following powers:

- (1) to preside over shareholders' general meetings, and to convene and preside over meetings of the board of directors;
- (2) to inspect the implementation of the resolutions of the board of directors;
- (3) to sign the shares, bonds and other marketable securities issued by the Company;
- (4) to sign important documents of the board of directors and other documents which are required to be signed by legal representative of the Company;
- (5) to perform the powers of a legal representative;
- (6) to nominate candidates for general manager to the board of directors;
- (7) to exercise other powers authorised by the board of directors.

If the chairman is not capable of performing duties, over half of the Directors shall jointly elect one director to perform the duties.

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- (l) Existing Article 133 of the Articles be deleted in entirety and replaced by the following:

The Company shall have one general manager, who shall be appointed and dismissed by the board of directors. The Company shall have certain number of deputy general managers and one financial officer, who shall be nominated by the general manager and appointed and dismissed by the board of directors.

The deputy general manager and the financial officer shall assist and report to the general manager.

- (m) Existing Article 145 of the Articles be deleted in entirety and replaced by the following:

The supervisory committee comprises six supervisors, one of which is appointed as the chairman of the supervisory committee. The term of office of the supervisors shall be three years, renewable upon re-election and re-appointment.

The chairman of the supervisory committee shall be appointed or dismissed by the votes of over two-third of all the supervisors.

The shareholders' representative shall be appointed or dismissed in shareholders' general meeting; the employees' representative shall be appointed or dismissed by votes of the employees of the Company.

The directors, general manager, deputy general manager, financial officer and other senior management staff shall not act as a supervisor.

- (n) Existing Article 202 of the Articles be deleted in entirety and replaced by the following:

The Company shall set out the systems, including labor management, personnel management, salary benefits and social insurance in compliance with the relevant requirements of the laws and regulations of the PRC.

- (o) Existing Article 205 of the Articles be deleted in entirety and replaced by the following:

The Company shall make payments of various kinds of insurance for its employees according to the relevant requirements of the laws and regulations of the PRC.

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- (p) The numbering of the Articles and the cross references contained therein are revised to conform to the amendments mentioned hereinabove.

and the directors of the Company be and are hereby authorised to do such other acts and things, enter into all such transactions and arrangements, execute such other documents and/or deeds and /or take all such steps, which in their opinion may be necessary, desirable or expedient, for the purpose of effecting the above proposed amendments to the Articles so as to comply with the requirements of the relevant authorities or regulatory bodies of the PRC.”

Yours faithfully,

By order of the Board

天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited*

Zhang Jian

Chairman

Tianjin, the PRC
19 August 2008

As at the date of this notice, the Board comprises (1) Mr. Zhang Jian and (2) Mr. Sun Quan as executive directors; (3) Mr. Zhang Jun and (4) Mr. Ding Yi as non-executive directors; and (5) Mr. Zhang Limin, (6) Mr. Luo Yongtai and (7) Mr. Liu Jing Fu as independent non-executive directors.

* For identification purpose only

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company.
2. The Register of Members of the Company will be closed from 9 September 2008 to 8 October 2008 (both days inclusive), during which no transfer of shares will be registered. In order to be qualified to attend the above meeting, all transfer documents accompanied by relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 8 September 2008 in order to be registered as a member of the Company.
3. Shareholders who intend to attend the EGM must complete the reply slip enclosed for use at the EGM, and return to the Company's registered office at No. 39 Bohai Road, Tianjin Economic and Technological Development Zone, Tianjin, the PRC 20 days before the meeting. The reply slip may be returned to the Company by hand, and can also be returned by post, telegram or facsimile.
4. As regards to the holders of H Shares and in order to be valid, the 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 or authority, must be deposited with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof.

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5. As regards to the holders of Domestic Shares and in order to be valid, this 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 or authority, must be deposited with the Company's registered office at No. 39 Bohai Road, Tianjin Economic and Technological Development Zone, Tianjin, the PRC not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof.
6. Where there are joint holders of any share, any one of such persons may vote at the EGM either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such joint holding.

This notice, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong Limited 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: (1) the information contained in this notice is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would like any statement in this notice misleading; (3) all opinions expressed in this notice have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.