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天津发展控股有限公司

**TIANJIN DEVELOPMENT HOLDINGS LIMITED**

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

**(Stock code: 882)**

**PRICE-SENSITIVE INFORMATION  
POSSIBLE DISPOSAL OF A SUBSIDIARY**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to announce that on 28 July 2010, the Board resolved to dispose of all the Company's equity interest in Jinzheng, an indirect 83.9308% owned subsidiary of the Company, at a consideration to be determined with reference to the net book value of the Company's interest in Jinzheng as at 31 December 2009 or the fair value of the 83.9308% equity interest in Jinzheng according to the independent valuation report to be commissioned by the Company, whichever is higher. It is proposed that Wintel Knight will enter into an agreement with Eastern Outer Ring Road Company under which Wintel Knight will agree to sell all its 83.9308% equity interest in Jinzheng to Eastern Outer Ring Road Company. If the approval for sale by way of an agreement with Eastern Outer Ring Road Company cannot be obtained from Tianjin SASAC, the proposed Disposal will be made through a tender auction listing procedure in the PRC.

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules exceeds 25% but are less than 75%, the proposed Disposal, if concluded, will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are conditional upon approval by the Shareholders. As at the date of this announcement, Eastern Outer Ring Road Company is currently holding 16.0692% equity interest in Jinzheng and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. If Wintel Knight's equity interest in Jinzheng is to be acquired by Eastern Outer Ring Road Company or a connected person of the Company through the tender auction listing procedure in the PRC, the proposed Disposal would also constitute a connected transaction of the Company which will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the substantial Shareholder, Tsinlien Group Company Limited, is holding approximately 54.05% of the issued share capital of the Company, and has given its written approval for the proposed Disposal pursuant to Rule 14.44 of the Listing Rules. The Company will seek confirmation from the Stock Exchange that shareholders' approval for the proposed Disposal may be obtained by means of written approval from the substantial Shareholder.

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On 28 July 2010, the Board resolved to dispose of all the Company's equity interest in Jinzheng, an indirect 83.9308% owned subsidiary of the Company, at a consideration to be determined with reference to the net book value of the Company's interest in Jinzheng as at 31 December 2009 or the fair value of the 83.9308% equity interest in Jinzheng according to the independent valuation report to be commissioned by the Company, whichever is higher.

### **Information on Jinzheng**

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

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

	<b>Year ended 31 December 2008</b>	<b>Year ended 31 December 2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	60,882	(545,919)
Profit after taxation	48,574	(552,205)

The net asset value of Jinzheng was approximately RMB1,442 million as at 31 December 2009. A valuation report is to be prepared by the Valuer for the purpose of the proposed Disposal.

### **Consideration**

The consideration for the proposed Disposal shall be determined with reference to (1) the net book value of the Company's interest in Jinzheng as at 31 December 2009 or (2) the fair value of the 83.9308% equity interest in Jinzheng as per the valuation report mentioned above, whichever is higher. The consideration for the proposed Disposal may be higher than the price as aforementioned if the proposed Disposal is to be made through a tender auction listing procedure in the PRC.

### **Conditions and Completion**

The proposed Disposal is expected to be completed by the end of 2010. Completion of the proposed Disposal will be made conditional upon the following:

- (i) the valuation of state-owned asset relating to the proposed Disposal has been completed and approved or put on record by Tianjin SASAC (if required pursuant to the laws in the PRC);
- (ii) Tianjin SASAC has approved the proposed Disposal (if required pursuant to the laws in the PRC);
- (iii) other relevant PRC government authority has approved the proposed Disposal (if required);

- (iv) the relevant business license has been issued by the business registration authority or the business registration procedure of Jinzheng has been commenced;
- (v) the Company has fulfilled the relevant disclosure requirements and/or the passing of necessary resolution(s) by the independent shareholders at a general meeting of the Company approving the proposed Disposal pursuant to the Listing Rules and/or made all relevant announcement disclosures;
- (vi) the board of directors and/or shareholders of Wintel Knight has/have approved the proposed Disposal pursuant to the relevant legal requirements and/or the articles of association of Wintel Knight; and
- (vii) the parties to the proposed Disposal having obtained all consent(s)/approval(s) necessary or appropriate for the consummation of the transactions contemplated under the proposed Disposal.

### **Sale and Purchase and Approval from Tianjin SASAC**

It is proposed that Wintel Knight will enter into an agreement with Eastern Outer Ring Road Company under which Wintel Knight will agree to sell all its 83.9308% equity interest in Jinzheng to Eastern Outer Ring Road Company on terms which are substantially the same as those set out hereinabove. If the approval for sale by way of an agreement with Eastern Outer Ring Road Company cannot be obtained from Tianjin SASAC, the proposed Disposal will be made through a tender auction listing procedure in the PRC and will be subject to terms of the final sale and purchase agreement to be concluded between Wintel Knight and a successful purchaser under the tender. Upon completion of the proposed Disposal, the Company will cease to have any interest in Jinzheng and Jinzheng will cease to be a subsidiary of the Company.

The Company is currently seeking the approval from Tianjin SASAC on whether the proposed Disposal could be made by way of an agreement to be entered into between Wintel Knight and Eastern Outer Ring Road Company. The Company will make further announcement to inform the Shareholders of the result.

**Shareholders and/or potential investors of the Company shall be aware that the proposed Disposal may or may not proceed and that the completion of the proposed Disposal is subject to the satisfaction of the above conditions and therefore may or may not become effective. Accordingly, Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

### **THE REASONS FOR AND BENEFITS OF THE DISPOSAL**

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

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

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

- (a) the Company will utilize the proceeds from the proposed Disposal to invest other potential business with prosperous growth;
- (b) through the proposed Disposal, the Company will have more resources to re-establish its core business with a view to enhancing competitiveness; and
- (c) by focusing on acquiring good assets, the Company will have even stronger balance sheet than before.

The Directors consider that the terms of the proposed Disposal are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Company expects that a cumulative income recognised in the exchange reserve of approximately HK\$318 million as at 31 December 2009 will be realised as a gain in the Company's income statement upon completion of the proposed Disposal.

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

## **GENERAL**

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

## **LISTING RULES IMPLICATIONS**

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

Under Rule 14.44 of the Listing Rules, shareholders' approval for the proposed Disposal may be obtained by written Shareholders' approval without the need of convening a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the proposed Disposal; and (ii) written approval has been obtained from one or a closely allied group of shareholders who together hold more than 50% in nominal value of the issued share capital of the Company having the right to attend and vote at general meetings.

### ***Shareholders' approval***

As at the date of this announcement, the substantial Shareholder, Tsinlien Group Company Limited, is holding approximately 54.05% of the issued share capital of the Company, and has given its written approval for proposed Disposal pursuant to Rule 14.44 of the Listing Rules. The Company will seek confirmation from the Stock Exchange that shareholders' approval for the proposed Disposal may be obtained by means of written approval from the substantial Shareholder.

### ***Possible connected transaction***

As at the date of this announcement, Eastern Outer Ring Road Company is holding approximately 16.0692% equity interest in Jinzheng and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. If the proposed Disposal is made to Eastern Outer Ring Road Company or a connected person of the Company through the tender auction listing procedure in the PRC, the proposed Disposal would also constitute a connected transaction of the Company which will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will comply with the relevant Listing Rules requirements if and when necessary.

### **DEFINITIONS**

In this announcement, the following terms have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Company”	Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Directors”	the directors of the Company;
“Disposal”	the disposal of 83.9308% equity interest in Jinzheng by Wintel Knight pursuant to the terms and conditions in the final sale and purchase agreement to be concluded between Wintel Knight and the purchaser;
“Eastern Outer Ring Road Company”	Tianjin Eastern Outer Ring Road Co., Ltd. (天津市外環東路有限公司), a State-owned limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Road Bureau of the Tianjin Municipality (天津市市政公路管理局);
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administration Region of the PRC;
“independent third party(ies)”	person(s) not being connected person(s) of the Company;
“Jinzheng”	天津津政交通發展有限公司 (Tianjin Jinzheng Transportation Development Company Limited*), a sino-foreign cooperative joint venture incorporated in the PRC which is owned as to 83.9308% by Wintel Knight and 16.0692% by Eastern Outer Ring Road Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Tianjin SASAC”	State-owned Assets Supervision and Administration Commission of Tianjin Municipal Government;
“Valuer”	an independent third party and a valuer firm with asset valuation qualification in the PRC;
“Wintel Knight”	Wintel Knight Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company;
“%”	per cent.

\* *For identification purpose only*

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

Hong Kong, 29 July 2010

*As at the date of this announcement, the Board of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Zheng Daoquan, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Dr. Gong Jing, Mr. Wang Zhiyong, Mr. Cheung Wing Yui\*, Dr. Eliza Chan Ching Har\*, Dr. Cheng Hon Kwan\*\* Mr. Mak Kwai Wing\*\*, and Ms. Ng Yi Kum, Estella\*\*.*

\* *non-executive director*

\*\* *independent non-executive director*