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天津發展控股有限公司

TIANJIN DEVELOPMENT HOLDINGS LIMITED

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

(Stock code: 882)

MAJOR AND CONNECTED TRANSACTION DISPOSAL OF INTEREST IN A SUBSIDIARY

Reference is made to the Announcement of the Company dated 29 July 2010.

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

As the applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is conditional upon approval by 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. The Disposal also constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Tsinlien Group Company Limited, a substantial independent Shareholder holding 576,945,143 shares of the Company (representing approximately 54.05% of the entire issued share capital of the Company), has given its written approval for the Disposal pursuant to Rule 14.44 and/or Rule 14A.43 of the Listing Rules. The Company will seek confirmation from the Stock Exchange that independent shareholders' approval for the Disposal may be obtained by means of written approval from Tsinlien Group Company Limited.

A circular containing, inter alia, further details of (i) the terms of the Agreement, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the independent Shareholders and (iii) the recommendation of the Independent Board Committee to the independent Shareholders in respect of the Agreement will be despatched to the Shareholders on or about 13 September 2010.

INTRODUCTION

Reference is made to the announcement of Tianjin Development Holdings Limited (the “**Company**”) dated 29 July 2010 (the “**Announcement**”) relating to the proposed disposal of the Company’s equity interest in Jinzheng. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

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

THE AGREEMENT

Date

23 August 2010

Parties

- (1) Vendor: Wintel Knight, a wholly-owned subsidiary of the Company
- (2) Purchaser: Eastern Outer Ring Road Company

Information on Jinzheng

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

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

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

The net asset value of Jinzheng was approximately RMB1,442 million as at 31 December 2009. According to the valuation report prepared by the Valuer for the purpose of the Disposal, the net asset value of Jinzheng was approximately RMB1,428 million as at 31 December 2009.

Consideration

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

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

Conditions and Completion

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

- (i) the valuation of state-owned asset relating to the Disposal has been completed and approved by Tianjin SASAC;
- (ii) Tianjin SASAC has approved the Disposal;
- (iii) other relevant PRC government authority has approved the Disposal;
- (iv) the relevant business license has been issued by the business registration authority or the business registration procedure of Jinzheng has been commenced;
- (v) the Company has fulfilled the relevant disclosure requirements and/or the passing of necessary resolution(s) by the independent shareholders at a general meeting of the Company approving the Disposal pursuant to the Listing Rules and/or made all relevant announcement disclosures; and
- (vi) the board of directors and/or shareholders of Wintel Knight has/have approved the Disposal pursuant to the relevant legal requirements and/or the articles of association of Wintel Knight.

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

Other Term(s)

The Agreement shall only become effective after the same shall be approved by Tianjin SASAC and other relevant PRC government authorities. If the approval for sale by way of the Agreement cannot be obtained from Tianjin SASAC, the Company may have to go through a tender auction listing procedure in the PRC in order to dispose of its equity interest in Jinzheng.

Shareholders and/or potential investors of the Company shall be aware that the completion of the 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 Disposal would be in the best interest of the Company and the Shareholders.

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

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

The Directors (the independent non-executive Directors’ views will be given after taking into account the advice from the independent financial adviser) consider that the terms of the Disposal are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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

Use of proceeds from the 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.

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

LISTING RULES IMPLICATIONS

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

As at the 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. Accordingly, the Disposal also constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

As at the date of this announcement, Tsinlien Group Company Limited, a substantial independent Shareholder holding 576,945,143 shares of the Company (representing approximately 54.05% of the issued share capital of the Company), has given its written approval for the Disposal pursuant to Rule 14.44 and/or Rule 14A.43 of the Listing Rules. The Company will seek confirmation from the Stock Exchange that independent shareholders' approval for the Disposal may be obtained by means of written approval from Tsinlien Group Company.

An independent board committee comprising the independent non-executive Directors (the "**Independent Board Committee**") has been formed to advise the independent Shareholders on whether or not the Disposal, the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole. Access Capital Limited has been appointed by the Company as its independent financial adviser to advise the Independent Board Committee and the independent Shareholders regarding the Disposal, the Agreement and the transactions contemplated thereunder.

A circular containing, inter alia, further details of (i) the terms of the Agreement, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the independent Shareholders and (iii) the recommendation of the Independent Board Committee to the independent Shareholders in respect of the Agreement will be despatched to the Shareholders on or about 13 September 2010.

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

Hong Kong, 23 August 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*