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**天津港發展控股有限公司**  
Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 3382)



**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)

**(1) DISPOSAL OF 50% EQUITY INTEREST IN  
TIANJIN JINLI INTERNATIONAL CONTAINER  
FREIGHT AGENCY COMPANY LIMITED  
AND  
(2) DISPOSAL OF 9.46% EQUITY INTEREST IN  
TIANJIN PORT CONTAINER FREIGHT COMPANY LIMITED**

**CONSTITUTING CONNECTED TRANSACTIONS**

**JINLI DISPOSAL**

Tianjin Container, a wholly-owned subsidiary of Tianjin Port, and Tianjin Port Container Freight, a subsidiary of Tianjin Port Group, had on 13 June 2007 entered into the Jinli Transfer Agreement pursuant to which Tianjin Container had agreed to sell and Tianjin Port Container Freight had agreed to purchase 50% equity interest in Jinli at a consideration of RMB1,658,070.76 (equivalent to approximately HK\$1.69 million). The Group will not hold any equity interest in Jinli upon completion of the Jinli Disposal.

**TIANJIN PORT CONTAINER FREIGHT DISPOSAL**

Tianjin Container and Tianjin Port Group had on 13 June 2007 entered into the Tianjin Port Container Freight Transfer Agreement pursuant to which Tianjin Container had agreed to sell and Tianjin Port Group had agreed to purchase 9.46% equity interest in Tianjin Port Container Freight at a consideration of RMB18,559,500 (equivalent to approximately HK\$18.94 million). The Group will not hold any equity interest in Tianjin Port Container Freight upon completion of the Tianjin Port Container Freight Disposal.

**LISTING RULES IMPLICATIONS**

The Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules to deem Tianjin Port Group and its associates as connected persons of Tianjin Development and Tianjin Port.

As some of the applicable percentage ratios for the Disposals exceed 0.1% and each of the applicable percentage ratios is less than 2.5%, the Disposals constitute connected transactions for both Tianjin Port and Tianjin Development under Rule 14A.32 of the Listing Rules, and is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

## THE JINLI TRANSFER AGREEMENT DATED 13 JUNE 2007

### The parties

- Vendor : Tianjin Port Container Terminal Co., Limited, a wholly-owned subsidiary of Tianjin Port
- Purchaser : 天津港集裝箱貨運有限公司 (Tianjin Port Container Freight Company Limited\*), a subsidiary of Tianjin Port Group

### Assets to be disposed of

Pursuant to the Jinli Transfer Agreement, Tianjin Port Container Freight had agreed to acquire 50% equity interest in Jinli from Tianjin Container. Encinal Terminals USA, an independent third party of the Group and the existing shareholder of Jinli, agreed to the Jinli Disposal and had renounced its first right of refusal.

Upon completion of the Jinli Disposal, the holding structure of Jinli will be as follows:

Shareholder	Equity interest (%)
Tianjin Port Container Freight	75
Encinal Terminals USA	25

### Information on Jinli

Jinli is a limited liability company established in the PRC with a registered capital of RMB2,865,650 (equivalent to approximately HK\$2.92 million). As at the date of the Jinli Transfer Agreement, the entire amount of the registered capital of Jinli had been fully paid up. Jinli is currently owned as to 50% by Tianjin Container, 25% by Tianjin Port Container Freight and 25% by Encinal Terminals USA. The original acquisition cost of Jinli was RMB1,221,950 (equivalent to approximately HK\$1.25 million).

Jinli is principally engaged in agency services in respect of container cargo transportation, customs declaration and inspection process services, storage and warehousing and packing and disassembly of containers in the PRC.

### Financial information of Jinli

Based on the audited financial statements of Jinli, which were prepared in accordance with accounting principles generally accepted in the PRC, the audited net asset value as at 31 December 2006 is RMB3,200,820 (equivalent to approximately HK\$3.27 million). The audited profit before taxation and profit after taxation for the years ended 31 December 2005 and 2006 are set out in the following table:

	(Audited) Year ended 31 December 2005 RMB	(Audited) Year ended 31 December 2006 RMB
Profit before taxation	157,207	168,320
Profit after taxation	132,652	143,072

## **Conditions**

The Jinli Transfer Agreement is subject to the satisfaction of the following conditions:

- (i) the approval of the Jinli Disposal under the Jinli Transfer Agreement by the respective board of directors of Tianjin Container and Tianjin Port Container Freight;
- (ii) the approval of the Jinli Disposal under the Jinli Transfer Agreement by the board of directors of Jinli; and
- (iii) the approval of the Jinli Transfer Agreement and the Jinli Disposal by the relevant approval authorities.

The effective date of the Jinli Transfer Agreement shall be the date on which condition (iii) above is fulfilled.

## **Consideration for the Jinli Disposal**

The consideration for the Jinli Disposal is RMB1,658,070.76 (equivalent to approximately HK\$1.69 million) and shall be payable in RMB by Tianjin Port Container Freight to Tianjin Container by way of transfer to the designated bank account of Tianjin Container within 15 days from the effective date of the Jinli Transfer Agreement.

The consideration for the Jinli Disposal was arrived at after arm's length negotiations between Tianjin Container and Tianjin Port Container Freight by reference to the net asset value of Jinli as at 31 March 2007 as contained in the valuation report issued by 天津中聯有限責任會計師事務所 (Tianjin Zhonglian Certified Public Accountants Co., Ltd.\*).

## **Completion of the Jinli Disposal**

Completion of the Jinli Disposal shall take place on the day of full payment by Tianjin Port Container Freight of the consideration for the Jinli Disposal. Upon completion of the Jinli Disposal, the Group will not hold any equity interest in Jinli.

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

Notwithstanding that Tianjin Port has 50% indirect equity interest in Jinli, Tianjin Port does not have the control and decision making power over Jinli. Given Jinli is an associate of Tianjin Port, its results were not consolidated in Tianjin Port's accounts. In order to allow Tianjin Port to focus its investments in its core business, the Tianjin Port Board considers that the Jinli Disposal would be beneficial to its shareholders by applying the capital money for general working capital.

As Tianjin Port's 50% indirect equity interest in Jinli as at 31 December 2006 amounts to approximately RMB1.52 million (equivalent to approximately HK\$1.55 million) and based on the consideration for the Jinli Disposal, the Tianjin Port Board estimates that a gain of approximately RMB135,000 (equivalent to approximately HK\$138,000) will be recorded upon completion of the Jinli Disposal.

The respective Tianjin Development Board and Tianjin Port Board (including the independent non-executive directors of the respective Tianjin Development Board and Tianjin Port Board) consider that the Jinli Disposal is fair and reasonable, on normal commercial terms and is entered into in the usual and ordinary course of business of the Group and the Tianjin Development Group and is in the interests of Tianjin Port, Tianjin Development and their respective shareholders as a whole.

## THE TIANJIN PORT CONTAINER FREIGHT TRANSFER AGREEMENT DATED 13 JUNE 2007

### The parties

Vendor : Tianjin Port Container Terminal Co., Limited, a wholly-owned subsidiary of Tianjin Port

Purchaser : 天津港(集團)有限公司(Tianjin Port (Group) Co., Ltd.\*)

### Assets to be disposed of

Pursuant to the Tianjin Port Container Freight Transfer Agreement, Tianjin Port Group had agreed to acquire 9.46% equity interest in Tianjin Port Container Freight from Tianjin Container.

Upon completion of the Tianjin Port Container Freight Disposal, Tianjin Port Group will own the entire equity interest of Tianjin Port Container Freight.

### Information on Tianjin Port Container Freight

Tianjin Port Container Freight is a limited liability company established in the PRC with a registered capital of RMB111,028,216.10 (equivalent to approximately HK\$113.29 million). As at the date of the Tianjin Port Container Freight Transfer Agreement, the entire amount of the registered capital of Tianjin Port Container Freight had been fully paid up. Tianjin Port Container Freight is currently owned as to 9.46% by Tianjin Container and 90.54% by Tianjin Port Group. The original acquisition cost of Tianjin Port Container Freight was RMB10,589,227 (equivalent to approximately HK\$10.81 million).

Tianjin Port Container Freight is principally engaged in agency services in respect of container cargo transportation by sea, storage and warehousing and packing and disassembly of containers, leasing and repair of containers, mobile conveyance, international and domestic transfer services, customs declaration and inspection process services and labour services in the PRC.

### Financial information of Tianjin Port Container Freight

Based on the audited financial statements of Tianjin Port Container Freight, which were prepared in accordance with accounting principles generally accepted in the PRC, the audited net asset value as at 31 December 2006 is RMB152,642,231 (equivalent to approximately HK\$155.76 million). The audited profit before taxation and profit after taxation for the years ended 31 December 2005 and 2006 are set out in the following table:

	<b>(Audited)</b> <b>Year ended</b> <b>31 December 2005</b> <i>RMB</i>	<b>(Audited)</b> <b>Year ended</b> <b>31 December 2006</b> <i>RMB</i>
Profit before taxation	16,037,005	17,378,364
Profit after taxation	11,420,105	12,026,970

## **Conditions**

The Tianjin Port Container Freight Transfer Agreement is subject to the satisfaction of the following conditions:

- (i) the approval of the Tianjin Port Container Freight Disposal under the Tianjin Port Container Freight Transfer Agreement by the respective board of directors of Tianjin Container and Tianjin Port Group;
- (ii) the approval of the Tianjin Port Container Freight Disposal under the Tianjin Port Container Freight Transfer Agreement by the board of directors of Tianjin Port Container Freight; and
- (iii) the approval of the Tianjin Port Container Freight Transfer Agreement and the Tianjin Port Container Freight Disposal by the relevant approval authorities.

The effective date of the Tianjin Port Container Freight Transfer Agreement shall be the date on which condition (iii) above is fulfilled.

## **Consideration for the Tianjin Port Container Freight Disposal**

The consideration for the Tianjin Port Container Freight Disposal is RMB18,559,500 (equivalent to approximately HK\$18.94 million) and shall be payable in RMB by Tianjin Port Group to Tianjin Container by way of transfer to the designated bank account of Tianjin Container within 15 days from the effective date of the Tianjin Port Container Freight Transfer Agreement.

The consideration for the Tianjin Port Container Freight Disposal was arrived at after arm's length negotiations between Tianjin Container and Tianjin Port Group by reference to the net asset value of Tianjin Port Container Freight as at 30 April 2007 as contained in the valuation report issued by 天津中聯有限責任會計師事務所 (Tianjin Zhonglian Certified Public Accountants Co., Ltd.\*).

## **Completion of the Tianjin Port Container Freight Disposal**

Completion of the Tianjin Port Container Freight Disposal shall take place on the day of full payment by Tianjin Port Group of the consideration for the Tianjin Port Container Freight Disposal. Upon completion of the Tianjin Port Container Freight Disposal, the Group will not hold any equity interest in Tianjin Port Container Freight.

## **REASONS FOR AND BENEFITS OF THE TIANJIN PORT CONTAINER FREIGHT DISPOSAL**

Tianjin Port only has 9.46% indirect equity interest in Tianjin Port Container Freight and thus does not have the control and decision making power over Tianjin Port Container Freight. In order to allow Tianjin Port to focus its investments in its core business, the Tianjin Port Board considers that the Tianjin Port Container Freight Disposal would be beneficial to its shareholders by applying the capital money for general working capital.

Based on the consideration for the Tianjin Port Container Freight Disposal and the original acquisition cost of Tianjin Port Container Freight, the Tianjin Port Board estimates that a gain of approximately RMB7.97 million (equivalent to approximately HK\$8.13 million) will be recorded upon completion of the Tianjin Port Container Freight Disposal.

The respective Tianjin Development Board and Tianjin Port Board (including the independent non-executive directors of the respective Tianjin Development Board and Tianjin Port Board) consider that the Tianjin Port Container Freight Disposal is fair and reasonable, on normal commercial terms and is entered into in the usual and ordinary course of business of the Group and the Tianjin Development Group and is in the interests of Tianjin Port, Tianjin Development and their respective shareholders as a whole.

## **GENERAL**

The Group is principally engaged in the provision of ports services including the loading and unloading of containerised and non-containerised cargoes from shipping vessels, the stacking and warehousing of containers and cargoes, as well as various ancillary services in Tianjin, the PRC.

The principal operations of the Tianjin Development Group and its associated companies can be categorised into three sectors, namely, (i) infrastructure operations; (ii) utilities operations; and (iii) strategic and other investments. Infrastructure operations consist of toll road operations; utilities operations consist of supply of water, electricity and thermal power; and strategic and other investments include investments in the production, sale and distribution of winery products, gas fuel operations and elevator and escalator operations.

Tianjin Port Group is the holding company of the businesses owned and operated by the former Tianjin Port Authority, which include port loading and unloading, stacking and warehousing, transportation and port area land development in the PRC.

## **LISTING RULES IMPLICATIONS**

The Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules to deem Tianjin Port Group and its associates as connected persons of Tianjin Development and Tianjin Port.

As some of the applicable percentage ratios for the Disposals exceed 0.1% and each of the applicable percentage ratios is less than 2.5%, the Disposals constitute connected transactions for both Tianjin Port and Tianjin Development under Rule 14A.32 of the Listing Rules, and is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

## **DEFINITIONS**

“connected person(s)”	has the meaning given to it by the Listing Rules
“Disposals”	the Jinli Disposal and the Tianjin Port Container Freight Disposal
“Group”	Tianjin Port and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jinli”	Tianjin Jinli International Container Freight Agency Company Limited (天津津利國際集裝箱貨運代理有限公司), a company incorporated in the PRC on 14 July 1992

“Jinli Disposal”	the disposal of 50% equity interest in Jinli by Tianjin Container to Tianjin Port Container Freight pursuant to the terms and conditions of the Jinli Transfer Agreement
“Jinli Transfer Agreement”	the agreement dated 13 June 2007 entered into between Tianjin Container and Tianjin Port Container Freight pursuant to which Tianjin Container agreed to sell and Tianjin Port Container Freight agreed to purchase 50% equity interest in Jinli
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Container”	Tianjin Port Container Terminal Co., Limited (天津港集裝箱碼頭有限公司), a company incorporated in the PRC in April 1980 as a state-owned enterprise and converted to a foreign-owned enterprise on 25 October 1997 and a wholly-owned subsidiary of Tianjin Port, which currently holds 50% of the total equity interest in Jinli and 9.46% of the total equity interest in Tianjin Port Container Freight
“Tianjin Development”	Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange and is the indirect controlling shareholder of Tianjin Port
“Tianjin Development Board”	the board of directors of Tianjin Development
“Tianjin Development Group”	Tianjin Development and its subsidiaries (excluding the Group)
“Tianjin Port”	Tianjin Port Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Tianjin Port Board”	the board of directors of Tianjin Port
“Tianjin Port Container Freight”	天津港集裝箱貨運有限公司 (Tianjin Port Container Freight Company Limited*), a company incorporated in the PRC and a 90.54% owned subsidiary of Tianjin Port Group
“Tianjin Port Container Freight Disposal”	the disposal of 9.46% equity interest in Tianjin Port Container Freight by Tianjin Container to Tianjin Port Group pursuant to the terms and conditions of the Tianjin Port Container Freight Transfer Agreement

“Tianjin Port Container Freight Transfer Agreement”	the agreement dated 13 June 2007 entered into between Tianjin Container and Tianjin Port Group pursuant to which Tianjin Container agreed to sell and Tianjin Port Group agreed to purchase 9.46% equity interest in Tianjin Port Container Freight
“Tianjin Port Group”	天津港(集團)有限公司(Tianjin Port (Group) Co., Ltd.*), an entity reorganized as a wholly state-owned company in the PRC on 29 July 2004 and the holding company of the businesses owned and operated by the former Tianjin Port Authority
“%”	per cent.

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

By Order of the Board  
**Tianjin Development Holdings Limited**  
**Wang Guanghao**  
*Chairman*

Hong Kong, 13 June 2007

*As at the date of this announcement, the Tianjin Port Board consists of Mr. Yu Rumin, Mr. Nie Jiansheng, Mr. Zhang Jinming, Mr. Xue Lingsen and Mr. Jiao Hongxun as executive directors; Mr. Wang Guanghao as non-executive director; Mr. Kwan Hung Sang, Francis, Professor Japhet Sebastian Law and Dr. Cheng Chi Pang, Leslie as independent non-executive directors.*

*As at the date of this announcement, the Tianjin Development Board consists of Mr. Wang Guanghao, Dr. Ren Xuefeng, Mr. Yu Rumin, Mr. Nie Jiansheng, Mr. Dai Yan, Mr. Hu Chengli, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Dr. Zong Guoying and Mr. Zheng Daoquan as executive directors, Mr. Cheung Wing Yui as non-executive director and Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan as independent non-executive directors.*

*Unless otherwise stated, amounts in RMB have been translated into HK\$ at an exchange rate of HK\$1.00 to RMB0.98 for illustration purposes only.*

\* For identification purpose only

“Please also refer to the published version of this announcement in The Standard”