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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)

JOINT ANNOUNCEMENT

**MAJOR AND
CONNECTED TRANSACTION
RELATING TO TIANJIN PORT
ALLIANCE INTERNATIONAL
CONTAINER TERMINAL CO., LTD.**

**DISCLOSEABLE AND
CONNECTED TRANSACTION
RELATING TO TIANJIN PORT
ALLIANCE INTERNATIONAL
CONTAINER TERMINAL CO., LTD.**

THE EQUITY INTEREST TRANSFER AGREEMENT

Tianjin Port entered into the Equity Interest Transfer Agreement on 26 July 2007 with Tianjin Port Group relating to the acquisition of 40% equity interest in Tianjin Port Alliance by Tianjin Port from Tianjin Port Group for a cash consideration of RMB524,343,480 (equivalent to approximately HK\$535 million). The basis of consideration for the Acquisition has been arrived at after arm's length negotiations between the parties involved with reference to the adjusted net asset value of Tianjin Port Alliance as at 30 April 2007 as contained in the valuation report issued by the Valuer. The principal businesses of Tianjin Port Alliance are the provision of container handling and related services in Tianjin, the PRC. Upon Completion, Tianjin Port will hold 40% of the equity interest in Tianjin Port Alliance.

LISTING RULES IMPLICATIONS

As 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, the entering into of the Equity Interest Transfer Agreement constitutes a connected transaction for each of Tianjin Development and Tianjin Port under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Acquisition exceeds 2.5% and the consideration for the Acquisition is more than HK\$10,000,000, the Acquisition is subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the approval of the Tianjin Port Independent Shareholders and the Tianjin Development Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at their respective general meetings.

As one of the applicable percentage ratios for the Acquisition exceeds 25%, the entering into of the Acquisition also constitutes a major transaction for Tianjin Port under Chapter 14 of the Listing Rules. And as one of the applicable percentage ratios for the Acquisition exceeds 5% but is less than 25%, the entering into of the Acquisition also constitutes a discloseable transaction for Tianjin Development under Chapter 14 of the Listing Rules.

The Tianjin Port Independent Board Committee and the Tianjin Development Independent Board Committee have been established to advise the Tianjin Port Independent Shareholders and the Tianjin Development Independent Shareholders respectively as to the terms of the Acquisition.

Tianjin Port and Tianjin Development will appoint an independent financial adviser to advise the Independent Board Committees in respect of the Acquisition. A circular containing, amongst other things, details of the terms of the Acquisition, letters from the Tianjin Port Independent Board Committee and from the independent financial adviser and a notice to the Tianjin Port Shareholders convening an extraordinary general meeting of Tianjin Port to approve the terms of the Acquisition under the Equity Interest Transfer Agreement will be despatched to the Tianjin Port Shareholders as soon as practicable. Tianjin Development will issue a circular containing the information above to the Tianjin Development Shareholders as well.

THE EQUITY INTEREST TRANSFER AGREEMENT DATED 26 July 2007

The parties

Vendor : Tianjin Port Group

Purchaser : Tianjin Port

Assets to be acquired

Pursuant to the Equity Interest Transfer Agreement, Tianjin Port had agreed to acquire 40% equity interest in Tianjin Port Alliance from Tianjin Port Group. OOCL, PSA and APM, all being Independent Third Parties of the Group and the existing shareholders of Tianjin Port Alliance, agreed to the Acquisition and had respectively renounced their first rights of refusal.

Consideration for the Acquisition

The consideration for the Acquisition is RMB524,343,480 (equivalent to approximately HK\$535 million) and shall be payable in HK\$ or US\$ (calculated based on The People's Bank of China base rate on the date of Completion) by Tianjin Port to Tianjin Port Group by way of wire transfer to the designated bank account of Tianjin Port Group within 10 working days from the date of Completion.

The consideration for the Acquisition was arrived at after arm's length negotiations between Tianjin Port and Tianjin Port Group with reference to the adjusted net asset value of Tianjin Port Alliance as at 30 April 2007 as contained in the valuation report issued by the Valuer. The assets of Tianjin Port Alliance were valued on a depreciated replacement cost basis (重置成本法) by reference to the purchase or construction costs of the assets at observable market prices on arm's length terms, less any accumulated depreciation and accumulated impairment in value. The liabilities of Tianjin Port Alliance were valued on a basis by reference to the actual amount of liabilities to be assumed by Tianjin Port after the Acquisition. The consideration for the Acquisition shall be funded mainly by the internal resources of the Group with certain extent by bank borrowings as appropriate.

Conditions

The effectiveness of the Equity Interest Transfer Agreement is subject to the following conditions being satisfied and/or waived:

- (i) the obtaining by Tianjin Port Group of the relevant approvals of the Acquisition under the Equity Interest Transfer Agreement by the State-owned Assets Supervision and Administrative Commission of the State Council and the Original Foreign Investment Enterprises Supervision Authority as required under the PRC laws, and all such approvals remaining effective throughout;
- (ii) the obtaining of the respective Tianjin Port Independent Shareholders' approval and Tianjin Development Independent Shareholders' approval of the Equity Interest Transfer Agreement and the Acquisition as required under the Listing Rules;
- (iii) the obtaining of the Certificate of Approval for Foreign Investment Enterprises issued with changes verified and approved by the Original Foreign Investment Enterprises Supervision Authority;
- (iv) the declarations and warranties of Tianjin Port Group made under the Equity Interest Transfer Agreement being true and accurate and not being misleading;
- (v) there being no enactment of any PRC laws that will substantially obstruct the enforcement or performance of the Equity Interest Transfer Agreement during the period from the date of signing of the Equity Interest Transfer Agreement to the date of obtaining the relevant approvals; and
- (vi) Tianjin Port Group not being involved in any litigation, arbitration or other legal disputes that may prevent the enforcement or performance of the Equity Interest Transfer Agreement during the period from the date of signing of the Equity Interest Transfer Agreement to the date of obtaining the relevant approvals.

Conditions (iv) and (vi) can be waived by Tianjin Port in writing at its absolute discretion. The effective date of the Equity Interest Transfer Agreement shall be the date on which all conditions above are fulfilled and/or waived.

Completion of the Acquisition

Completion shall take place on the day when the legal and valid registration of the transfer of the 40% equity interest is completed with the relevant Industrial and Commercial Administration Bureau.

Information on Tianjin Port Alliance

Tianjin Port Alliance is a sino-foreign equity joint venture established in the PRC on 30 March 2005 with a registered capital of US\$160 million (equivalent to approximately HK\$1,244 million). As at the date of the Equity Interest Transfer Agreement, the entire amount of the registered capital of Tianjin Port Alliance had been fully paid up. Immediately before Completion, Tianjin Port Alliance is beneficially owned as to 40% by Tianjin Port Group, 20% by OOCL, 20% by PSA and 20% by APM respectively. After Completion, Tianjin Port Alliance will then be owned as to 40% by Tianjin Port, 20% by OOCL, 20% by PSA and 20% by APM respectively. The Valuer has preliminarily indicated that the value of the 40% equity interest in Tianjin Port Alliance as at 30 April 2007 is approximately RMB524 million (equivalent to approximately HK\$535 million).

The following table illustrates the change in holding structure in Tianjin Port Alliance immediately before and after Completion.

Shareholder	Equity interest (%)	
	Immediately before Completion	After Completion
Tianjin Port Group	40	–
Tianjin Port	–	40
OOCL	20	20
PSA	20	20
APM	20	20

Tianjin Port Alliance is principally engaged in the investment and construction of container stacking yards and operation of related businesses; the loading and unloading of containers from vessels, trains and vehicles and other general cargoes; the export and import of containers and the storage and warehousing of other cargoes; international and domestic cargo agency services; assembling and disassembling of containers; and provision of logistic and management composite services for containers in the PRC.

Upon Completion, the Group will hold 40% equity interest in Tianjin Port Alliance which will become an associate of Tianjin Port. At present, the board of Tianjin Port Alliance consists of 10 directors and Tianjin Port Group has nominated 4 directors to the board of Tianjin Port Alliance. Appropriate arrangements will be made upon and/or after Completion in relation to the appointment of 4 directors by Tianjin Port to the board of Tianjin Port Alliance.

Financial information of Tianjin Port Alliance

Based on the unaudited financial statements of Tianjin Port Alliance, which were prepared in accordance with accounting principles generally accepted in the PRC (“PRC GAAP”), the unaudited net asset value of Tianjin Port Alliance as at 30 April 2007 is approximately RMB1,214 million (equivalent to approximately HK\$1,239 million). Based on the audited financial statements of Tianjin Port Alliance prepared under PRC GAAP, the results before and after taxation for the two years ended 31 December 2005 and 2006, and based on the unaudited financial statements of Tianjin Port Alliance prepared under PRC GAAP, the loss before and after taxation for the four months ended 30 April 2007 are set out in the following table respectively:

	(Audited) Year ended 31 December 2005 RMB'000	(Audited) Year ended 31 December 2006 RMB'000	(Unaudited) Four months ended 30 April 2007 RMB'000
Loss before taxation	— <i>Note</i>	— <i>Note</i>	(62,017)
Loss after taxation	— <i>Note</i>	— <i>Note</i>	(62,017)

Note: Tianjin Port Alliance did not record any results for the years ended 31 December 2005 and 2006 under PRC GAAP as it was then in pre-operation stage.

The original acquisition cost of the 40% equity interest in Tianjin Port Alliance of Tianjin Port Group was approximately RMB511 million (equivalent to approximately HK\$498 million).

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY INTEREST TRANSFER AGREEMENT

One of the Group's competences and focuses is in the operation of container handling business in Tianjin. In view of the general growing trend in container throughput in the port of Tianjin, the PRC and the geographical proximity of Tianjin Port Alliance with Euroasia, the Tianjin Port Board believes that the acquisition of Tianjin Port Alliance is in line with the Group's focus and strategy and will increase the Group's throughput and market share in the port of Tianjin which is beneficial to the Tianjin Port Shareholders. As a result of the Acquisition, the Group will expand its container handling business in the PRC through its investment interest in Tianjin Port Alliance.

LISTING RULES IMPLICATIONS

As 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, the entering into of the Equity Interest Transfer Agreement constitutes a connected transaction for each of Tianjin Development and Tianjin Port under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Acquisition exceeds 2.5% and the consideration for the Acquisition is more than HK\$10,000,000, the Acquisition is subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the approval of the Tianjin Port Independent Shareholders and the Tianjin Development Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at their respective general meetings.

As one of the applicable percentage ratios for the Acquisition exceeds 25%, the entering into of the Acquisition also constitutes a major transaction for Tianjin Port under Chapter 14 of the Listing Rules. And as one of the applicable percentage ratios for the Acquisition exceeds 5% but is less than 25%, the entering into of the Acquisition also constitutes a discloseable transaction for Tianjin Development under Chapter 14 of the Listing Rules.

REQUIREMENTS UNDER THE LISTING RULES

The respective Tianjin Development Board and Tianjin Port Board (excluding the independent non-executive directors of the respective Tianjin Development Board and Tianjin Port Board who will express their view after considering the advice from the independent financial adviser) consider that the Equity Interest Transfer Agreement and the Acquisition are fair and reasonable, on normal commercial terms and are entered into in the usual and ordinary course of business of the Group and that the entering into of the Equity Interest Transfer Agreement and the Acquisition are in the interests of Tianjin Port, Tianjin Development and their respective shareholders as a whole.

Both Tianjin Port and Tianjin Development will respectively seek the Tianjin Port Independent Shareholders' and the Tianjin Development Independent Shareholders' approvals of the Acquisition under the terms of the Equity Interest Transfer Agreement.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any shareholder and their associates with a material interest in the Acquisition are required to abstain from voting on the resolution at the extraordinary general meetings to be held to approve the same. Tianjin Development and its associates are required to abstain from voting on the resolution approving the Acquisition in the extraordinary general meeting of Tianjin Port, and Tsinlien and its associates are required to abstain from voting on the resolution approving the Acquisition in the extraordinary general meeting of Tianjin Development.

As at the date of this announcement, Tianjin Development and its associates controlled or were entitled to exercise control of approximately 63.16% voting rights in aggregate at general meeting of Tianjin Port. Tsinlien and its associates controlled or were entitled to exercise control of approximately 51.97% voting rights in aggregate at general meeting of Tianjin Development.

The Tianjin Port Independent Board Committee and the Tianjin Development Independent Board Committee have been established to advise the Tianjin Port Independent Shareholders and the Tianjin Development Independent Shareholders respectively as to the terms of the Acquisition.

Tianjin Port and Tianjin Development will appoint an independent financial adviser to advise the Independent Board Committees in respect of the Acquisition. Tianjin Port will issue a circular containing, amongst other things, details of the terms of the Acquisition, letters from the Tianjin Port Independent Board Committee and from the independent financial adviser and a notice to the Tianjin Port Shareholders convening an extraordinary general meeting of Tianjin Port to approve the terms of the Acquisition under the Equity Interest Transfer Agreement to the Tianjin Port Shareholders as soon as practicable. Tianjin Development will issue a circular containing the information above to the Tianjin Development Shareholders as well.

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 Tianjin Development and its subsidiaries (excluding the 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 heat 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.

DEFINITIONS

“APM”	APM Terminals Tianjin International Company Limited, a company incorporated in Hong Kong which currently owns 20% equity interest in Tianjin Port Alliance
“Acquisition”	the acquisition of 40% equity interest in Tianjin Port Alliance by Tianjin Port from Tianjin Port Group pursuant to the Equity Interest Transfer Agreement
“associate(s)”	has the meaning given to it by the Listing Rules
“connected person(s)”	has the meaning given to it by the Listing Rules

“Completion”	the completion of the transfer of a total of 40% equity interest by Tianjin Port Group to Tianjin Port at a consideration of RMB524,343,480 (equivalent to approximately HK\$535 million) pursuant to the Equity Interest Transfer Agreement
“Equity Interest Transfer Agreement”	the equity interest transfer agreement dated 26 July 2007 entered into between Tianjin Port and Tianjin Port Group relating to the Acquisition
“Euroasia”	天津港歐亞國際集裝箱碼頭有限公司 (Tianjin Port Euroasia International Container Terminal Co., Ltd.*), a wholly-foreign owned enterprise to be established in the PRC by a wholly-owned subsidiary of the Company
“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
“Independent Board Committees”	the Tianjin Port Independent Board Committee and the Tianjin Development Independent Board Committee
“Independent Third Party(ies)”	person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with Tianjin Development and Tianjin Port and their respective connected persons or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OOCL”	東方海外貨櫃碼頭(天津)有限公司 (OOCL Terminal (Tianjin) Limited*), a company incorporated in Hong Kong which currently owns 20% equity interest in Tianjin Port Alliance
“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
“PSA”	新加坡PSA中國有限公司 (PSA China Pte. Ltd.*), a company incorporated in Singapore which currently owns 20% equity interest in Tianjin Port Alliance
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 Independent Board Committee”	the committee of independent non-executive directors of Tianjin Development , consisting of Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan formed to advise the Tianjin Development Independent Shareholders in respect of the terms of the Acquisition
“Tianjin Development Independent Shareholders”	the Tianjin Development Shareholders other than Tsinlien and its associates
“Tianjin Development Shareholders”	the shareholders of Tianjin Development
“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 Alliance”	天津港聯盟國際集裝箱碼頭有限公司 (Tianjin Port Alliance International Container Terminal Co., Ltd.*), a sino-foreign equity joint venture incorporated in the PRC on 30 March 2005 and a 40% owned associate of Tianjin Port Group
“Tianjin Port Board”	the board of directors of Tianjin Port
“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
“Tianjin Port Independent Board Committee”	the committee of independent non-executive directors of Tianjin Port, consisting of Mr. Kwan Hung Sang, Francis, Professor Japhet Sebastian Law and Dr. Cheng Chi Pang, Leslie formed to advise the Tianjin Port Independent Shareholders in respect of the terms of the Acquisition
“Tianjin Port Independent Shareholders”	the Tianjin Port Shareholders other than Tianjin Development and its associates
“Tianjin Port Shareholders”	the shareholders of Tianjin Port
“Tsinlien”	Tsinlien Group Company Limited, a company incorporated in Hong Kong with limited liability on 19 October 1979 which is controlled by the Tianjin Government and the controlling shareholder of Tianjin Development
“US\$”	United States dollars, the lawful currency of the United States

“Valuer”

天津華夏松德有限責任會計師事務所, an independent qualified valuer in the PRC engaged by Tianjin Port

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, 26 July 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 and US\$ have been translated into HK\$ at exchange rates of HK\$1.00 to RMB0.98 and HK\$7.80 to US\$1.00 for illustration purposes only. No representation is made that any amounts in RMB, US\$ or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

* *For identification purpose only*