

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe securities.*



**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)**

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION  
AND  
RESUMPTION OF TRADING**

**Financial adviser**

**ANGLO CHINESE** 英高  
CORPORATE FINANCE, LIMITED

**SALE AND PURCHASE AGREEMENT**

The Board announces that, on 3 December, 2007, Championwin Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Tsinlien to acquire the entire equity interests in, and all the shareholders' loan advanced to, Tsinlien Realty for a total consideration of HK\$825 million. The Consideration will be satisfied by way of HK\$560 million in cash and the balance of HK\$265 million by the issue of 31,850,000 new Shares at an issue price of approximately HK\$8.32 per Consideration Share.

Tsinlien Realty is principally engaged in property holding and property management in Hong Kong and its principal asset is Courtyard by Marriott Hong Kong, a four star hotel currently under development located in Western District, Hong Kong.

As some of the applicable percentage ratios for the acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. Further as Tsinlien is the controlling shareholder of the Company interested in approximately 51.97% of the issued share capital of the Company, the Acquisition with the allotment of Consideration Shares also constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements and approval of the Independent Shareholders requirements at the extraordinary general meeting with the vote to be taken by way of poll.

Tsinlien and its associates will abstain from voting in respect of the resolution for approval of the Acquisition at the extraordinary general meeting. Save for Tsinlien and its associates, no Shareholder has any interest in the Acquisition.

An independent board committee will be established to advise the Independent Shareholders of the Company in relation to the transaction contemplated under the Sale and Purchase Agreement and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders of the Company in this regard.

A circular containing, among other things, further details of the Acquisition, the letter from the independent board committee, the advice of the independent financial adviser to the independent board committee and the Independent Shareholders and the notice of the extraordinary general meeting will be despatched to the Shareholders as soon as practicable.

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 3 December, 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 4 December, 2007.

## **SALE AND PURCHASE AGREEMENT**

Date : 3 December, 2007

Purchaser : Championwin Limited, an indirect wholly-owned subsidiary of the Company

Vendor : Tsinlien, the controlling shareholder of the Company interested in approximately 51.97% of the issued share capital of the Company

Pursuant to the Sale and Purchase Agreement, the Purchaser shall acquire the entire equity interests in Tsinlien Realty, being 200,000 issued shares of HK\$1 each from Tsinlien together with the benefit of all the shareholder's loans advanced by Tsinlien to Tsinlien Realty at the completion date, for a total consideration of HK\$825 million. Based on the unaudited management account of Tsinlien Realty, the shareholder's loans amounted to approximately HK\$1,709 million as at 31 October, 2007.

## **INFORMATION OF TSINLIEN REALTY AND THE HOTEL**

Tsinlien Realty is a limited company incorporated in Hong Kong and an investment holding company principally engaged in property holding and property management in Hong Kong and its principal asset is Courtyard by Marriott Hong Kong currently under development located at No. 167 Connaught Road West, Western District, Hong Kong (the "**Hotel**").

The Hotel is being developed as a 4-star hotel that has a site area of approximately 769.5 square meters and gross floor area of approximately 11,472 square meters with 245 guest rooms. Facilities in the Hotel include conference rooms, business centre, executive lounge, fitness centre, bar and restaurant.

Tsinlien Realty has entered into an agreement with Marriott Hotels International B.V. (“**Marriott**”), an independent third party under which Marriott will provide hotel management service in respect of the Hotel until 2027, subject to renewal for two successive periods of five years each. Under the agreement Marriott will receive fees based on gross revenue and operating profits of the Hotel. There are four other hotels in Hong Kong that are currently under the management of Marriott.

The Hotel was originally developed to be a 31-storey office building and Tsinlien Realty bought the office building in 1997 for HK\$847 million. Tsinlien Realty subsequently undertook the conversion of the office building into a 4-star hotel. The conversion and renovation work has been substantially completed and it is expected the Hotel will start to admit paying guests in the first quarter of 2008.

Prior to the conversion into the Hotel, the building was held by Tsinlien Realty as an investment property. Based on the audited financial statement for the year ended 31 December 2006, the net deficit of Tsinlien Realty was approximately HK\$1,160 million (2005: HK\$1,034 million), including a loan due to Tsinlien of approximately HK\$1,517 million (2005: HK\$1,415 million). Turnover and net losses (both before and after taxation and extraordinary items) for the year ended 31 December 2006 were approximately HK\$0.9 million and HK\$125.7 million, respectively (2005: HK\$12.9 million and HK\$71.2 million, respectively).

## **CONSIDERATION**

Under the Sale and Purchase Agreement, Tsinlien will inject a further amount of HK\$38 million after 31 October, 2007 but before completion of the Acquisition as contribution to settle the construction costs for the Hotel and any pre-opening and operating expenses incurred before the completion of the Acquisition (the “**Remaining Capital Commitment**”).

The Consideration of HK\$825 million was determined after arm’s length negotiations between the parties with reference to the Remaining Capital Commitment and the valuation of the Hotel as at 30 September, 2007 of HK\$825 million, prepared by Knight Frank Petty Limited, an independent third party to the Company using direct comparison approach.

Following the completion of the Acquisition, Tsinlien Realty will become an indirect wholly-owned subsidiary of the Company. Based on the unaudited management account of Tsinlien Realty as at 31 October, 2007, the net liabilities of Tsinlien Realty were approximately HK\$1,206 million with shareholder’s loan of approximately HK\$1,709 million before taken into account of the revaluation surplus of approximately HK\$328 million based on the valuation of Hotel as at 30 September, 2007.

The full amount of the Consideration will be settled at the date of completion of the Sale and Purchase Agreement. Cash consideration of HK\$560 million will be financed through internal resources of the Company and, or partly through bank facilities. The balance of the Consideration of HK\$265 million shall be settled upon the completion by way of the Company issuing and allotting to Tsinlien or its nominees approximately 31,850,000 million new Shares at a price of approximately HK\$8.32 per Consideration Share.

The issue price of approximately HK\$8.32 per Consideration Share to be issued by the Company represents:

- (i) a discount of approximately 8.67% over the closing price of HK\$9.11 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of the Sale and Purchase Agreement;
- (ii) a discount of approximately 6.94% over the average closing price of HK\$8.94 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before the date of the Sale and Purchase Agreement; and
- (iii) a discount of approximately 5.99% over the average closing price of HK\$8.85 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares immediately before the date of the Sale and Purchase Agreement.

The Consideration Shares represent approximately 3.08% of the existing issued share capital of the Company and approximately 2.98% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Company will apply to the Listing Committee of the Stock Exchange for the granting of listing of, and permission to deal in, the Consideration Shares on the Stock Exchange. The Consideration Shares will be credited as fully-paid and rank pari passu in all respects with the Shares in issue as at the date of issue and allotment of the Consideration Shares.

The terms of the Sale and Purchase Agreement were negotiated on an arm's length basis. The directors of the Company consider the terms are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

## SHAREHOLDING STRUCTURE

	As at the date of this announcement		Immediate after the completion of Acquisition	
	<i>Number of Shares</i>	<i>Approximate shareholding %</i>	<i>Number of Shares</i>	<i>Approximate shareholding %</i>
Tsinlien	538,189,143	51.97%	570,039,143	53.40%
Public shareholders	497,430,982	48.03%	497,430,982	46.60%
	1,035,620,125	100%	1,067,470,125	100%

## CONDITIONS PRECEDENT

The completion of the Sale and Purchase Agreement shall be conditional upon, inter alia, the following conditions precedent being fulfilled or waived:

- (a) the passing of a resolution at an extraordinary general meeting of the Company by a simple majority of the Independent Shareholders to approve the Sale and Purchase Agreement and the transactions contemplated hereunder including the issue and allotment of the Consideration Shares to Tsinlien pursuant to the Sale and Purchase Agreement;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant (either unconditionally or subject to conditions) the listing of, and permission to deal in, the Consideration Shares;
- (c) Tsinlien obtaining documents evidencing the absolute discharge and release of the legal charge over the Hotel and the rental accounts of Tsinlien Realty;
- (d) Tsinlien providing evidence in writing, showing that it has injected to Tsinlien Realty or procured to be injected to Tsinlien Realty the Remaining Capital Commitment, to the satisfaction of the Purchaser;
- (e) Tsinlien providing evidence to the satisfaction of the Purchaser that all necessary consents, permits, approvals, authorisations and waivers in respect of the existing financing agreements, the operation of the Hotel has been obtained;
- (f) Tsinlien providing evidence to the satisfaction of the Purchaser that the redevelopment of the Hotel has been completed and that the Hotel has been in full operation; and
- (g) the parties to the Sale and Purchase Agreement having obtained any and all other consents, permits, approvals, authorisations and waivers necessary or appropriate for the entering into and consummation of the transactions contemplated by the Sale and Purchase Agreement.

The parties shall procure that the conditions precedent be satisfied on or before 30 June, 2008 or such later date as may be agreed between the parties to the sale and purchase agreement. In the event that not all the conditions have been fulfilled or waived (as the case may be) by the Purchaser by no later than 5 p.m. on 30 June, 2008, the Sale and Purchase Agreement shall lapse and be of no further effect and no party to the Sale and Purchase Agreement shall have any claim against or liability or obligation to the other party save in respect of any antecedent breaches.

## **COMPLETION OF THE ACQUISITION**

The completion of the Sale and Purchase Agreement shall take place within five business days from the fulfilment or waiver (as the case may be) of the conditions precedent set out above or such other date as the parties may agree.

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

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries and associated companies are (i) infrastructure operations including toll road operations and port operations; (ii) utility operations including supply of water, electricity and heat and thermal power; and (iii) strategic and other investments including investments in the production, sale and distribution of winery products, gas fuel operations and elevator and escalator operations. The principal activities of Tsinlien are general trading and investment holding.

As disclosed in the latest annual report, the Group is actively exploring the opportunities in property development business with focus to be put on hotel projects. In addition to the current transaction, the Group is pursuing other opportunities in this sector in the PRC. The Acquisition will provide diversification of the Group's business into a selected area and establish a position in tourism and hospitality sector in Hong Kong which the Group considers to have favourable prospects. Based on the statistics from Hong Kong Tourism Board, the total number of visitors arrived Hong Kong during the first half of 2007 was approximately 13 million, which represented a growth of 6.8% compared with same period in 2006. Hotel occupancy rate in Hong Kong was at an average of about 87% in 2006, compared with 86% a year earlier.

## **IMPLICATION UNDER THE LISTING RULES**

As some of the applicable percentage ratios for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. As Tsinlien is the controlling shareholder of the Company interested in approximately 51.97% of the issued share capital of the Company, the Acquisition with the allotment of Consideration Shares also constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements and approval of the Independent Shareholders at the extraordinary general meeting with vote to be taken by way of poll.

## **INDEPENDENT BOARD COMMITTEE**

An independent board committee comprising all the independent non-executive directors of the Company will be established to advise the Independent Shareholders regarding the transaction contemplated under the Sale and Purchase Agreement. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders regarding the Acquisition.

Tsinlien, being the controlling shareholder of the Company interested in the Acquisition, and its associates will abstain from voting in respect of the resolution for approval of the Acquisition at the extraordinary general meeting. Save for Tsinlien and its associates, no Shareholder has any interest in the Acquisition.

## **GENERAL**

A circular containing, among other things, further details of the Acquisition, the letter from the independent board committee, the advice of the independent financial adviser to the independent board committee and the Independent Shareholders and the notice of the extraordinary general meeting will be despatched to the Shareholders as soon as practicable.

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 3 December, 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 4 December, 2007.

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Acquisition”	the Acquisition of 100% equity interest in Tsinlien Realty by the Purchaser
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Tianjin Development Holdings Limited
“Consideration”	consideration of the Acquisition under the Sale and Purchase Agreement
“Consideration Shares”	31,850,000 Shares to be issued by the Company to Tsinlien or its nominee(s) as part of the Consideration
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Shareholders”	the Shareholders other than Tsinlien and its associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Championwin Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 3 December, 2007 in respect of the Acquisition
“Shareholder(s)”	the registered holder(s) of Shares
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tsinlien Realty”	Tsinlien Realty Limited, a limited company incorporated in Hong Kong
“Tsinlien”	Tsinlien Group Company Limited, a limited company incorporated in Hong Kong

By Order of the Board  
**Tianjin Development Holdings Limited**  
**Ren Xuefeng**  
*Chairman*

Hong Kong, 3 December, 2007

*As at the date of this announcement, the Board consists of 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. Wang Guanghao and Mr. Cheung Wing Yui as non-executive directors; and Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan as independent non-executive directors.*