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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
CONNECTED TRANSACTION
RELATING TO TIANJIN PORT LABOUR SERVICES COMPANY LIMITED**

THE EQUITY INTEREST TRANSFER AGREEMENT

Tianjin Second Stevedoring, as the purchaser and an indirect wholly-owned subsidiary of Tianjin Port, entered into the Equity Interest Transfer Agreement on 18 December 2007 with Tianjin Port Labour Exchange Service Centre relating to the acquisition of 33% equity interest in Tianjin Port Labour by Tianjin Second Stevedoring from Tianjin Port Labour Exchange Service Centre for a cash consideration of RMB1,260,000 (equivalent to approximately HK\$1,333,000). The basis of consideration for the Acquisition has been arrived at after arm's length negotiations between the parties involved. The principal businesses of Tianjin Port Labour are the provision of labour of various positions in bulk cargo handling operation. Upon Completion, Tianjin Second Stevedoring, Tianjin Port Group and Tianjin Gangbin will hold 33%, 33% and 34% of the equity interest in Tianjin Port Labour respectively.

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. Tianjin Development is the indirect controlling shareholder of Tianjin Port. As Tianjin Port Labour is owned as to 33% by Tianjin Port Group and 33% by Tianjin Port Labour Exchange Service Centre, a wholly-owned subsidiary of Tianjin Port Group, Tianjin Port Labour Exchange Service Centre is also a connected person of Tianjin Development and Tianjin Port. Accordingly, the entering into of the Equity Interest Transfer Agreement between Tianjin Port Labour Exchange Service Centre and Tianjin Second Stevedoring constitutes a connected transaction for each of Tianjin Development and Tianjin Port under Chapter 14A of the Listing Rules and are required to comply with the reporting and announcement requirements under Rule 14A.32 of the Listing Rules. As none of the applicable percentage ratios exceed 2.5%, no independent shareholders' approval is required under the Listing Rules. Details of the Acquisition will be included in the next published annual report and accounts of Tianjin Development and Tianjin Port.

THE EQUITY INTEREST TRANSFER AGREEMENT DATED 18 DECEMBER 2007

The parties

Vendor : Tianjin Port Labour Exchange Service Centre

Purchaser : Tianjin Second Stevedoring

Assets to be acquired

Pursuant to the Equity Interest Transfer Agreement, Tianjin Second Stevedoring had agreed to acquire 33% equity interest in Tianjin Port Labour from Tianjin Port Labour Exchange Service Centre.

Consideration for the Acquisition

The consideration for the Acquisition is RMB1,260,000 in cash (equivalent to approximately HK\$1,333,000) and shall be payable in RMB by Tianjin Second Stevedoring to Tianjin Port Labour Exchange Service Centre by way of wire transfer to the designated bank account of Tianjin Port Labour Exchange Service Centre within 10 working days from the date of Completion.

The consideration for the Acquisition was arrived at after arm's length negotiations between Tianjin Second Stevedoring and Tianjin Port Labour Exchange Service Centre with reference to the unaudited net asset value of Tianjin Port Labour as at 31 August 2007 and the adjusted net asset value of Tianjin Port Labour at RMB3,788,500 (equivalent to approximately HK\$4,008,000) by using depreciated replacement cost basis (重置成本法) method as at 31 August 2007 as contained in the valuation report issued by the independent valuer which was appointed by Tianjin Port Labour Exchange Service Centre and approved by Tianjin Second Stevedoring. The consideration represents approximately 2% or RMB25,000 (equivalent to approximately HK\$26,000) premium to the unaudited net asset value of Tianjin Port Labour as at 31 August 2007.

Conditions

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

- (i) Tianjin Port Labour Exchange Service Centre has informed Tianjin Gangbin and Tianjin Port Group of the Acquisition contemplated under the Equity Interest Transfer Agreement by written notice and duly obtained the approval from the said parties (or no reply from Tianjin Gangbin and Tianjin Port Group within 30 days upon receipt of the said written notice) ;
- (ii) pursuant to the Equity Interest Transfer Agreement, Tianjin Second Stevedoring, Tianjin Gangbin and Tianjin Port Group have entered into the agreement in amending the articles of association of Tianjin Port Labour;

- (iii) the passing of the resolution by the board and the shareholders of Tianjin Port Labour to approve the Acquisition and the amendment to the articles of association of Tianjin Port Labour contemplated under the Equity Interest Transfer Agreement;
- (iv) Tianjin Second Stevedoring to perform due diligence investigation in respect of Tianjin Port Labour (including but not limited to the business, finance, law, properties and accounts of Tianjin Port Labour) and being satisfied with the results of such due diligence investigation in all respects;
- (v) completion of all matters in relation to the delivery of state-owned assets with 天津產權交易中心 regarding the Acquisition contemplated under the Equity Interest Transfer Agreement;
- (vi) the parties to the Equity Interest Transfer Agreement have already obtained their own necessary authorization, approval, including but not limited to the approval (if necessary) obtained from overseas/domestic regulatory department (e.g. the Stock Exchange);
- (vii) the issue of the business registration certificate by the registration authority after the Acquisition pursuant to the Equity Interest Transfer Agreement; and
- (viii) an independent valuer appointed by Tianjin Port Labour Exchange Service Centre and approved by Tianjin Second Stevedoring having performed a valuation on the net asset value of Tianjin Port Labour and issued a valuation report thereon, and the contents of such report are accepted by both Tianjin Port Labour Exchange Service Centre and Tianjin Second Stevedoring, and the approval or filing formalities of such report with the relevant PRC State-owned assets administration authority having been completed.

If the Conditions cannot be fulfilled on or before 31 March 2008 or such other date as the Tianjin Second Stevedoring and Tianjin Port Labour Exchange Service Centre may agree in writing, the Equity Interest Transfer Agreement shall automatically terminate. The effective date of the Equity Interest Transfer Agreement shall be the date on which all conditions above are fulfilled.

Completion of the Acquisition

Completion shall take place on the day within five working days from the date of issue of the new business registration certificate by the registration authority after the Acquisition pursuant to the Equity Interest Transfer Agreement.

Information on Tianjin Port Labour

Tianjin Port Labour is a company incorporated in the PRC with limited liability on 10 December 1999 with a registered capital of RMB3,000,000 (equivalent to approximately HK\$3,174,000). As at the date of the Equity Interest Transfer Agreement, the entire amount of the registered capital of Tianjin Port Labour had been fully paid up. Immediately before Completion, Tianjin Port Labour is beneficially owned as to 33% by Tianjin Port Labour Exchange Service Centre, 33% by Tianjin Port Group and 34% by Tianjin Gangbin respectively. After Completion, Tianjin Port Labour will then be owned as to 33% by Tianjin Second Stevedoring, 33% by Tianjin Port Group and 34% by Tianjin Gangbin respectively.

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

Shareholders	Equity interest (%)	
	Immediately before Completion	Immediately after Completion
Tianjin Port Labour Exchange Service Centre	33	—
Tianjin Port Group	33	33
Tianjin Gangbin	34	34
Tianjin Second Stevedoring	—	33

Tianjin Port Labour is principally engaged in provision of labour of various positions in bulk cargo handling operation.

Upon Completion, the Group will beneficially hold 33% equity interest in Tianjin Port Labour which will become an associate of Tianjin Port. At present, the board of Tianjin Port Labour consists of five directors and Tianjin Port Labour Exchange Service Centre has nominated one director to the board of Tianjin Port Labour. Appropriate arrangements will be made upon and/or after Completion in relation to the appointment of one director by Tianjin Second Stevedoring to the board of Tianjin Port Labour.

Financial information of Tianjin Port Labour

Based on the unaudited financial statements of Tianjin Port Labour, which were prepared in accordance with accounting principles generally accepted in the PRC (“PRC GAAP”), the unaudited net asset value of Tianjin Port Labour as at 31 August 2007 was approximately RMB3,744,000 (equivalent to approximately HK\$3,961,000). Based on the audited financial statements of Tianjin Port Labour prepared under PRC GAAP, the results before and after taxation for the two years ended 31 December 2005 and 2006, are set out in the following table respectively:

	(Audited) Year ended 31 December 2006 <i>RMB'000</i>	(Audited) Year ended 31 December 2005 <i>RMB'000</i>
Profits before taxation	614	116
Profits after taxation	408	72

The original purchase cost of the 33% equity interest in Tianjin Port Labour by Tianjin Port Labour Exchange Service Centre is RMB990,000, being the cost of capital contribution.

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

Tianjin Port entered into a framework agreement with Tianjin Port Labour on 12 April 2007 in relation to provision of labour services by Tianjin Port Labour to the Group, which was approved at the extraordinary general meeting of Tianjin Port held on 25 May 2007. Tianjin Port Board is of the view that Tianjin Port Labour can provide skilled and high-quality labour with necessary and extensive technical, operational and cargo handling skills to meet the Group's growth in business as well as to accommodate the Group's strategy on cost reduction.

Given the Group's increase in demand of such services due to business expansion, Tianjin Port Board considered that the Acquisition can foster the relationship with Tianjin Port Labour, one of largest service providers of this kind in the area, and secure stable and quality service supply of labour service.

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. Tianjin Development is the indirect controlling shareholder of Tianjin Port. As Tianjin Port Labour is owned as to 33% by Tianjin Port Group and 33% by Tianjin Port Labour Exchange Service Centre, a wholly-owned subsidiary of Tianjin Port Group, Tianjin Port Labour Exchange Service Centre is also a connected person of Tianjin Development and Tianjin Port. Accordingly, the entering into of the Equity Interest Transfer Agreement between Tianjin Port Labour Exchange Service Centre and Tianjin Second Stevedoring constitutes a connected transaction for each of Tianjin Development and Tianjin Port under Chapter 14A of the Listing Rules and are required to comply with the reporting and announcement requirements under Rule 14A.32 of the Listing Rules. As none of the applicable percentage ratios exceed 2.5%, no independent shareholders' approval is required under the Listing Rules. Details of the Acquisition will be included in the next published annual report and accounts of Tianjin Development and Tianjin Port.

REQUIREMENTS UNDER THE LISTING RULES

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 Equity Interest Transfer Agreement and the Acquisition are fair and reasonable, on normal commercial terms and are entered into in the ordinary and usual 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.

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

“Acquisition”	the acquisition of 33% equity interest in Tianjin Port Labour by Tianjin Second Stevedoring from Tianjin Port Labour Exchange Service Centre 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 33% equity interest by Tianjin Port Labour Exchange Service Centre to Tianjin Second Stevedoring at a consideration of RMB1,260,000 (equivalent to approximately HK\$1,333,000) pursuant to the Equity Interest Transfer Agreement
“Conditions”	the conditions precedent to Completion, as more particularly set out under the section headed “Conditions” of this announcement
“Equity Interest Transfer Agreement”	the equity interest transfer agreement dated 18 December 2007 entered into between Tianjin Port Labour Exchange Service Centre and Tianjin Second Stevedoring relating to the Acquisition
“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 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
“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 Development”	Tianjin Development Holdings Limited (天津發展控股有限公司), 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 Second Stevedoring”	Tianjin Harbour Second Stevedoring Co., Ltd. (天津港第二港埠有限公司), an indirect wholly-owned subsidiary of Tianjin Port, as the purchaser
“Tianjin Port”	Tianjin Port Development Holdings Limited (天津港發展控股有限公司), 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 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, which currently owns 33% equity interest in Tianjin Port Labour
“Tianjin Port Labour”	天津益港勞務有限責任公司 (Tianjin Port Labour Services Company Limited*), a company incorporated in the PRC with limited liability on 10 December 1999. It is owned as to 33% by Tianjin Port Group, 33% by Tianjin Port Labour Exchange Service Centre and 34% by Tianjin Gangbin
“Tianjin Port Labour Exchange Service Centre”	天津港口職工交流服務中心 (Tianjin Port Labour Exchange Service Centre*), a wholly-owned subsidiary of Tianjin Port Group, which currently owns 33% equity interest in Tianjin Port Labour, as the vendor
“Tianjin Gangbin”	天津港濱投資發展有限公司 (Tianjin Gangbin Investment Development Limited*), a company incorporated in the PRC with limited liability, which currently owns 34% equity interest in Tianjin Port Labour, an Independent Third Party

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

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

Hong Kong, 18 December 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 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.

Unless otherwise stated, amount in RMB has been translated into HK\$ at exchange rate of HK\$1.00 to RMB0.945 for illustration purposes only. No representation is made that any amounts in RMB 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*