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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

REVISION OF ANNUAL CAPS OF AN EXISTING CONTINUING CONNECTED TRANSACTION AND NEW CONTINUING CONNECTED TRANSACTION

REVISION OF ANNUAL CAPS OF AN EXISTING CONTINUING CONNECTED TRANSACTION

On 12 April 2007, Tianjin Port and Tianjin Port Labour entered into the Existing Labour Services Framework Agreement in relation to the provision of labour services by Tianjin Port Labour to the Group for a term commencing from 12 April 2007 and ending on 31 December 2009.

The Tianjin Port Board has been monitoring the Existing Labour Services Framework Agreement and in view of the acquisition of 33% equity interest in Tianjin Port Labour by the Group (further details of which are set out in the joint announcement of Tianjin Port and Tianjin Development dated 18 December 2007), it is the Group's strategy to replace other external labour service providers of bulk cargo business with Tianjin Port Labour in order to effectively control the cost, quality and supply of labour. Based on the internal forecasts of the demand and the operating conditions in respect of the Existing Labour Services Framework Agreement, the Tianjin Port Board noted that the existing caps of the Existing Labour Services Framework Agreement for the financial years ending 31 December 2008 and 2009 will not be sufficient for the Group's current operational requirements, and therefore proposed that the existing caps for the Existing Labour Services Framework Agreement be revised by entering into the New Labour Services Framework Agreement on 12 March 2008 on exactly the same terms as the Existing Labour Services Framework Agreement.

NEW CONTINUING CONNECTED TRANSACTION

The Tianjin Development Board and the Tianjin Port Board also announce that Tianjin Port and Tianjin Shenggang Container entered into the Shenggang Labour Services Framework Agreement in relation to the provision of labour services by Tianjin Shenggang Container to the Group on 12 March 2008 for a term commencing from 12 March 2008 and ending on 31 December 2010.

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 New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement constitute continuing connected transactions for each of Tianjin Development and Tianjin Port.

As some of the applicable percentage ratios for the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement on an aggregated and annual basis exceed 2.5% and the aggregated annual consideration is more than HK\$10 million, the entering into of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement constitute non-exempt continuing connected transactions for both Tianjin Port and Tianjin Development under Rule 14A.35 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 approval of the Tianjin Port Independent Shareholders and Tianjin Development Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at their respective general meetings and the annual review requirements by the respective independent non-executive directors and the respective auditors of Tianjin Port and Tianjin Development under Rules 14A.37 and 14A.38 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 New Labour Services Framework Agreement and the revised annual caps for the three years ending 31 December 2010 thereof as well as the Shenggang Labour Services Framework Agreement and the annual caps for the three years ending 31 December 2010 thereof.

Tianjin Port and Tianjin Development will appoint an independent financial adviser to advise the Tianjin Port Independent Board Committee and Tianjin Port Independent Shareholders and Tianjin Development Independent Board Committee and Tianjin Development Independent Shareholders respectively in respect of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement. Tianjin Port will issue a circular containing, amongst other things, details of the terms of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement, letters from the Tianjin Port Independent Board Committee and from the independent financial adviser and a notice convening an extraordinary general meeting of Tianjin Port to approve the terms of the New Labour Services Framework Agreement and the revised annual caps for the three years ending 31 December 2010 thereof as well as the Shenggang Labour Services Framework Agreement and the annual caps for the three years ending 31 December 2010 thereof to the Tianjin Port Shareholders as soon as practicable. Tianjin Development will issue a circular containing the aforementioned information to the Tianjin Development Shareholders as well.

REVISION OF ANNUAL CAPS OF AN EXISTING CONTINUING CONNECTED TRANSACTION

Reference is made to the Joint Announcement in relation to certain continuing connected transactions between the Group and the Tianjin Port Group.

On 12 April 2007, Tianjin Port and Tianjin Port Labour entered into the Existing Labour Services Framework Agreement in relation to the provision of labour services by Tianjin Port Labour to the Group for a term commencing from 12 April 2007 and ending on 31 December 2009. Tianjin Port Labour is principally engaged in the provision of labour of various positions in bulk cargo handling operation in the port of Tianjin, the PRC. Details of the Existing Labour Services Framework Agreement are more particularly set out in the Joint Announcement.

The Tianjin Port Board has been monitoring the Existing Labour Services Framework Agreement and in view of the acquisition of 33% equity interest in Tianjin Port Labour by the Group (further details of which are set out in the joint announcement of Tianjin Port and Tianjin Development dated 18 December 2007), it is the Group's strategy to replace other external labour service providers of bulk cargo business with Tianjin Port Labour in order to effectively control the cost, quality and supply of labour. Based on the internal forecasts of the demand and the operating conditions in respect of the Existing Labour Services Framework Agreement, the Tianjin Port Board noted that the existing caps of the Existing Labour Services Framework Agreement for the financial years ending 31 December 2008 and 2009 will not be sufficient for the Group's current operational requirements, and therefore proposed that the existing caps for the Existing Labour Services Framework Agreement be revised by entering into the New Labour Services Framework Agreement on 12 March 2008 on exactly the same terms as the Existing Labour Services Framework Agreement.

New Labour Services Framework Agreement

Date:	12 March 2008
Parties:	(1) Tianjin Port (2) Tianjin Port Labour
Term:	12 March 2008 to 31 December 2010 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of labour of various positions to perform various services by Tianjin Port Labour to the Group.
Price determination:	The service fee is determined with reference to factors such as applicable PRC State prescribed price, position and types of labour provided, market prices and standard wages rate (if any). Adjustment shall be made to the price if there are any changes in the PRC State prescribed prices.
Condition:	Each of the parties involved has obtained the respective necessary authorisation and approval required for the New Labour Services Framework Agreement, including but not limited to, having obtained the approval as required under the Listing Rules.

Save and except for the proposed revised annual caps, all the other terms and conditions of the New Labour Services Framework Agreement are the same as the Existing Labour Framework Agreement.

Existing Caps

The table below sets forth a summary of the existing caps for the Existing Labour Services Framework Agreement for the three financial years ending 31 December 2009:

Existing annual caps (in thousand) for the year ending 31 December		
2007	2008	2009
RMB4,900 (equivalent to approximately HK\$5,390)	RMB7,850 (equivalent to approximately HK\$8,630)	RMB9,030 (equivalent to approximately HK\$9,930)

Historical Figures

For the year ended 31 December 2007, the Group incurred RMB4,560,000 (equivalent to approximately HK\$5,020,000) under the Existing Labour Services Framework Agreement.

Proposed Revised Annual Caps

The table below sets forth the proposed revised annual caps for the New Labour Services Framework Agreement for the three financial years ending 31 December 2010:

Proposed revised annual caps (in thousand) for the year ending 31 December		
2008	2009	2010
RMB67,430 (equivalent to approximately HK\$74,100)	RMB71,710 (equivalent to approximately HK\$78,810)	RMB78,900 (equivalent to approximately HK\$86,710)

Bases of the Proposed Revised Annual Caps

The bases of the proposed revised annual caps for the New Labour Services Framework Agreement are as follows:

1. Tianjin Port's expectation on the increase of demand for labour from Tianjin Port Labour due to the Group's strategy to replace other labour service providers of this kind with Tianjin Port Labour;
2. the previous transactions conducted and the historical transaction amounts; and
3. Tianjin Port's estimate on the increase in the rate of such service charge.

NEW CONTINUING CONNECTED TRANSACTION

The Tianjin Development Board and the Tianjin Port Board also announce that Tianjin Port and Tianjin Shenggang Container entered into the Shenggang Labour Services Framework Agreement in relation to the provision of labour services by Tianjin Shenggang Container to the Group on 12 March 2008 for a term commencing from 12 March 2008 and ending on 31 December 2010.

Shenggang Labour Services Framework Agreement

Date:	12 March 2008
Parties:	(1) Tianjin Port (2) Tianjin Shenggang Container
Term:	12 March 2008 to 31 December 2010 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of labour of various positions to perform various services by Tianjin Shenggang Container to the Group.
Price determination:	The service fee is determined with reference to factors such as applicable PRC State prescribed price, position and types of labour provided, market prices and standard wages rate (if any). Adjustment shall be made to the price if there are any changes in the PRC State prescribed prices.
Condition:	Each of the parties involved has obtained the respective necessary authorisation and approval required for the Shenggang Labour Services Framework Agreement, including but not limited to, having obtained the approval as required under the Listing Rules.

Historical Figures

As such labour services are entirely new transactions of Tianjin Port, no historical transaction amounts are available.

Proposed Annual Caps

The table below sets forth the proposed annual caps for the Shenggang Labour Services Framework Agreement for the three financial years ending 31 December 2010:

Proposed annual caps (in thousand) for the year ending 31 December		
2008	2009	2010
RMB31,370 (equivalent to approximately HK\$34,480)	RMB56,160 (equivalent to approximately HK\$61,720)	RMB79,190 (equivalent to approximately HK\$87,030)

Bases of the Proposed Annual Caps

The bases of the proposed annual caps for the Shenggang Labour Services Framework Agreement are as follows:

1. Tianjin Port's previous transaction amount on labour services of container handling business with the current service providers of this kind;
2. Tianjin Port's estimate on the increase in demand for the labour service due to increase in handling volume;
3. Tianjin Port's plan to transfer some existing staff and workers to newly established and acquired joint venture companies; and
4. Tianjin Port's estimate on the increase in the rate of such service charge.

Reasons for the entering into of the Shenggang Labour Services Framework Agreement

Tianjin Shenggang Container is one of the largest in terms of operation and one of the most reputable providers of labour of various levels for container handling business in the area. The Tianjin Port Board is of the view that given the extensive experience in container handling business of Tianjin Shenggang Container, Tianjin Shenggang Container can provide skilled and high-quality labour with necessary and extensive technical, operational and container handling skills to meet the Group's growth in business as well as to accommodate the Group's strategy on cost reduction.

In addition, the Group currently holds 33% of Tianjin Shenggang Container and hence, the Group is in a better position to secure quality services from Tianjin Shenggang Container.

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 New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement constitute continuing connected transactions for each of Tianjin Development and Tianjin Port.

As some of the applicable percentage ratios for the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement on an aggregated and annual basis exceed 2.5% and the aggregated annual consideration is more than HK\$10 million, the entering into of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement constitute non-exempt continuing connected transactions for both Tianjin Port and Tianjin Development under Rule 14A.35 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 approval of the Tianjin Port Independent Shareholders and Tianjin Development Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at their respective general meetings and the annual review requirements by the respective independent non-executive directors and the respective auditors of Tianjin Port and Tianjin Development under Rules 14A.37 and 14A.38 of the Listing Rules.

Each of Tianjin Port and Tianjin Development will re-comply with Rules 14A.35(3) and (4) of the Listing Rules if (i) the revised annual caps for the New Labour Services Framework Agreement is exceeded or when the New Labour Services Framework Agreement is renewed or there is a material change to the terms thereof; and (ii) the annual caps for the Shenggang Labour Services Framework Agreement is exceeded or when the Shenggang Labour Services Framework Agreement is renewed or there is a material change to the terms thereof.

REQUIREMENTS UNDER THE LISTING RULES

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

Tianjin Port and Tianjin Development will respectively seek the Tianjin Port Independent Shareholders' and the Tianjin Development Independent Shareholders' approvals of the New Labour Services Framework Agreement and the revised annual caps for the three years ending 31 December 2010 thereof as well as the Shenggang Labour Services Framework Agreement and the annual caps for the three years ending 31 December 2010 thereof.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any shareholder and their associates with a material interest in the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement are required to abstain from voting on the resolution at the extraordinary general meeting to be held to approve the same. Tianjin Development and its associates are required to abstain from voting on the resolution approving the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement at the extraordinary general meeting of Tianjin Port, and Tsinlien and its associates are required to abstain from voting on the resolution approving the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement at the extraordinary 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 New Labour Services Framework Agreement and the revised annual caps for the three years ending 31 December 2010 thereof as well as the Shenggang Labour Services Framework Agreement and the annual caps for the three years ending 31 December 2010 thereof.

Tianjin Port and Tianjin Development will appoint an independent financial adviser to advise the Tianjin Port Independent Board Committee and Tianjin Port Independent Shareholders and Tianjin Development Independent Board Committee and Tianjin Development Independent Shareholders respectively in respect of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement. Tianjin Port will issue a circular containing, amongst other things, details of the terms of the New Labour Services Framework Agreement and the Shenggang Labour Services Framework Agreement, letters from the Tianjin Port Independent Board Committee and from the independent financial adviser and a notice convening an extraordinary general meeting of Tianjin Port to approve the terms of the New Labour Services Framework Agreement and the revised annual caps for the three years ending 31 December 2010 thereof as well as the Shenggang Labour Services Framework Agreement and the annual caps for the three years ending 31 December 2010 thereof to the Tianjin Port Shareholders as soon as practicable. Tianjin Development will issue a circular containing the aforementioned information 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 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.

DEFINITIONS

“associate”	has the meaning given to it under the Listing Rules
“connected person”	has the meaning given to it under the Listing Rules
“Existing Labour Services Framework Agreement”	a framework agreement dated 12 April 2007 entered into between Tianjin Port and Tianjin Port Labour in relation to the provision of labour services by Tianjin Port Labour to the Group, details of which are set out in the Joint Announcement
“Group”	Tianjin Port and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Announcement”	the joint announcement of Tianjin Port and Tianjin Development dated 12 April 2007 in relation to certain continuing connected transactions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Labour Services Framework Agreement”	a framework agreement dated 12 March 2008 entered into between Tianjin Port and Tianjin Port Labour in relation to the provision of labour services by Tianjin Port Labour to the Group
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shenggang Labour Services Framework Agreement”	a framework agreement dated 12 March 2008 entered into between Tianjin Port and Tianjin Shenggang Container in relation to the provision of labour services by Tianjin Shenggang Container to the Group
“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 which 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 New Labour Services Framework Agreement and the revised annual caps for the three years ending 31 December 2010 thereof and the Shenggang Labour Services Framework Agreement and the annual caps for the three years ending 31 December 2010 thereof
“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 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 reorganised 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 Dr. Cheng Chi Pang, Leslie, Professor Japhet Sebastian Law and Mr. Kwan Hung Sang, Francis formed to advise the Tianjin Port Independent Shareholders in respect of the New Labour Services Framework Agreement and the revised annual caps for the three years ending 31 December 2010 thereof as well as the Shenggang Labour Services Framework Agreement and the annual caps for the three years ending 31 December 2010 thereof
“Tianjin Port Independent Shareholders”	the Tianjin Port Shareholders other than Tianjin Development and its associates
“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 and is owned as to 33% by Tianjin Port Group and 33% by the Group upon completion of the acquisition of 33% equity interest in which by the Group, further details are set out in the joint announcement of Tianjin Port and Tianjin Development dated 18 December 2007
“Tianjin Port Shareholders”	the shareholders of Tianjin Port

“Tianjin Shenggang Container”	天津盛港集裝箱技術開發服務有限公司 (Tianjin ShengGang Container Technology Development & Services Co., Ltd.*), a company incorporated in the PRC and is owned as to 33% by Tianjin Port Group and 33% by the Group
“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

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

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

Hong Kong, 12 March 2008

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 and 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. Yu Rumin, Mr. Wu Xuemin, 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, amount in RMB has been translated into HK\$ at exchange rate of HK\$1.00 to RMB0.91 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