

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.



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

CONTINUING CONNECTED TRANSACTION RELATING TO THE INTEGRATED SERVICES FRAMEWORK AGREEMENT

CONTINUING CONNECTED TRANSACTION RELATING TO THE INTEGRATED SERVICES FRAMEWORK AGREEMENT

The Tianjin Development Board and the Tianjin Port Board announce that Tianjin Port and Tianjin Port Daily Life Services entered into the Integrated Services Framework Agreement on 4 December 2008 in relation to the provision of integrated services by Tianjin Port Daily Life Services and its subsidiaries to the Group for a term commencing on 1 January 2009 and ending on 31 December 2011.

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 Integrated Services Framework Agreement constitutes a continuing connected transaction for each of Tianjin Development and Tianjin Port.

As some of the applicable percentage ratios for the Integrated Services Framework Agreement on an annual basis exceed 2.5% and the aggregated annual consideration is more than HK\$10 million, the entering into of the Integrated Services Framework Agreement constitutes a non-exempt continuing connected transaction for both Tianjin Development and Tianjin Port 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 Development Independent Shareholders and the Tianjin Port 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 Development and Tianjin Port under Rules 14A.37 and 14A.38 of the Listing Rules.

The Tianjin Development Independent Board Committee and the Tianjin Port Independent Board Committee have been established to advise the Tianjin Development Independent Shareholders and the Tianjin Port Independent Shareholders respectively as to the terms of the Integrated Services Framework Agreement and the proposed annual caps for the three years ending 31 December 2011 thereof.

Tianjin Development and Tianjin Port will appoint an independent financial adviser to advise the Tianjin Development Independent Board Committee and the Tianjin Development Independent Shareholders and the Tianjin Port Independent Board Committee and the Tianjin Port Independent Shareholders respectively in respect of the Integrated Services Framework Agreement. Tianjin Development will issue a circular containing, amongst other things, details of the terms of the Integrated Services Framework Agreement, letters from the Tianjin Development Independent Board Committee and from the independent financial adviser and a notice convening an extraordinary general meeting of Tianjin Development to approve the terms of the Integrated Services Framework Agreement and the proposed annual caps for the three years ending 31 December 2011 thereof to the Tianjin Development Shareholders as soon as practicable. Tianjin Port will also issue a circular containing the aforementioned information to the Tianjin Port Shareholders.

CONTINUING CONNECTED TRANSACTION

The Tianjin Development Board and the Tianjin Port Board announce that Tianjin Port and Tianjin Port Daily Life Services entered into the Integrated Services Framework Agreement in relation to the provision of integrated services by Tianjin Port Daily Life Services and its subsidiaries to the Group on 4 December 2008 for a term commencing on 1 January 2009 and ending on 31 December 2011.

Integrated Services Framework Agreement

Date:	4 December 2008
Parties:	(1) Tianjin Port (2) Tianjin Port Daily Life Services
Term:	1 January 2009 to 31 December 2011 (extension on similar terms subject to mutual agreements)
Transactions involved:	Provision of integrated services include sanitary, catering, warehouse building management and general maintenance services by Tianjin Port Daily Life Services and its subsidiaries to the Group.
Price determination:	The service fee is determined with reference to factors such as the applicable PRC State guidance, the physical area in which services are to be provided, position, numbers and types of labour provided, fees charged by independent third party service providers, market prices and standard wages rate (if any).
Condition:	Each of the parties involved has obtained the respective necessary authorisation and approval required for the Integrated Services Framework Agreement, including but not limited to, having obtained the approval as required under the Listing Rules.

Historical figures

As such integrated 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 Integrated Services Framework Agreement for the three financial years ending 31 December 2011:

Proposed annual caps (in thousand) for the years ending 31 December		
2009	2010	2011
RMB59,000 (equivalent to approximately HK\$67,500)	RMB63,000 (equivalent to approximately HK\$72,000)	RMB67,000 (equivalent to approximately HK\$76,600)

Basis of the Proposed Annual Caps

The basis of the proposed annual caps for the Integrated Services Framework Agreement are as follows:

1. Tianjin Port's previous transaction amount for similar integrated services provided by other independent third party service providers;
2. Tianjin Port's estimate on the demand for catering services based on the Group's headcount and number of workers providing labour service to the Group;
3. Tianjin Port's estimate on the change in demand for the integrated services due to future change in activities of the Group; and
4. Tianjin Port's estimate on the increase in the rate of such service charge.

Reasons for the entering into of the Integrated Services Framework Agreement

Tianjin Port Daily Life Services is one of the largest and the most reputable providers of integrated services in the Tianjin port area. Given the extensive experience and available resources of Tianjin Port Daily Life Services in providing services such as sanitary, catering, warehouse building management and general maintenance services, the Tianjin Port Board is of the view that Tianjin Port Daily Life Services can provide high-quality services to meet the Group's requirement.

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 Integrated Services Framework Agreement constitutes a continuing connected transaction for each of Tianjin Development and Tianjin Port.

As some of the applicable percentage ratios for the Integrated Services Framework Agreement on an annual basis exceed 2.5% and the aggregated annual consideration is more than HK\$10 million, the entering into of the Integrated Services Framework Agreement constitutes a non-exempt continuing connected transaction for both Tianjin Development and Tianjin Port 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 Development Independent Shareholders and the Tianjin Port 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 Development and Tianjin Port under Rules 14A.37 and 14A.38 of the Listing Rules.

Each of Tianjin Development and Tianjin Port will re-comply with Rules 14A.35(3) and (4) of the Listing Rules if the annual caps for the Integrated 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 views after considering the advice from the independent financial adviser) and the Tianjin Port Board (excluding the independent non-executive directors of Tianjin Port who will express their views after considering the advice from the independent financial adviser) consider that the proposed annual caps of the Integrated 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 Integrated Services Framework Agreement is in the interests of Tianjin Development, Tianjin Port and their respective shareholders as a whole.

Tianjin Development and Tianjin Port will respectively seek the Tianjin Development Independent Shareholders' and the Tianjin Port Independent Shareholders' approvals of the Integrated Services Framework Agreement and the proposed annual caps for the three years ending 31 December 2011 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 Integrated 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 Integrated 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 Integrated Services Framework Agreement at the extraordinary general meeting of Tianjin Development.

The Tianjin Development Independent Board Committee and the Tianjin Port Independent Board Committee have been established to advise the Tianjin Development Independent Shareholders and the Tianjin Port Independent Shareholders respectively as to the terms of the Integrated Services Framework Agreement and the proposed annual caps for the three years ending 31 December 2011 thereof.

Tianjin Development and Tianjin Port will appoint an independent financial adviser to advise the Tianjin Development Independent Board Committee and the Tianjin Development Independent Shareholders, and the Tianjin Port Independent Board Committee and the Tianjin Port Independent Shareholders respectively in respect of the Integrated Services Framework Agreement. Tianjin Development will issue a circular containing, amongst other things, details of the terms of the Integrated Services Framework Agreement, letters from the Tianjin Development Independent Board Committee and from the independent financial adviser and a notice convening an extraordinary general meeting of Tianjin Development to approve the terms of the Integrated Services Framework Agreement and the proposed annual caps for the three years ending 31 December 2011 thereof to the Tianjin Development Shareholders as soon as practicable. Tianjin Port will also issue a circular containing the aforementioned information to the Tianjin Port Shareholders.

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 four business segments, namely, (i) infrastructure; (ii) utilities; (iii) commercial properties and (iv) strategic and other investments. Infrastructure segment consists of toll road operations; utilities segment consists of supply of water, electricity, heat and thermal power; commercial properties segment is basically hotel operations; and strategic and other investments include investments in the production, sale and distribution of winery products, gas fuel operations and elevator and escalator operations.

DEFINITIONS

“associate”	has the meaning given to it under the Listing Rules
“connected person”	has the meaning given to it under the Listing Rules
“Group”	Tianjin Port and its subsidiaries (including Haifeng Logistics)
“Haifeng Logistics”	天津港海豐保稅物流有限公司 (Tianjin Port Haifeng Bonded Logistics Co., Ltd.*), a company incorporated in the PRC with limited liability and a jointly controlled entity of Tianjin Port which is deemed to be a subsidiary of Tianjin Port under the Listing Rules by the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Integrated Services Framework Agreement”	a framework agreement dated 4 December 2008 entered into between Tianjin Port and Tianjin Port Daily Life Services in relation to the provision of integrated services by Tianjin Port Daily Life Services and its subsidiaries to the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“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 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 Integrated Services Framework Agreement and the proposed annual caps for the three years ending 31 December 2011 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 Authority”	the former government regulatory body of the port of Tianjin and, prior to the incorporation of Tianjin Port Group, the owner and operator of the businesses now owned by Tianjin Port Group
“Tianjin Port Board”	the board of directors of Tianjin Port
“Tianjin Port Daily Life Services”	天津港生活服務有限公司 (Tianjin Port Daily Life Services Company Limited*), a company incorporated in the PRC and a subsidiary of Tianjin Port Group
“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 Integrated Services Framework Agreement and the proposed annual caps for the three years ending 31 December 2011 thereof
“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

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, 4 December 2008

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.

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.

Unless otherwise stated, amount in RMB has been translated into HK\$ at exchange rate of HK\$1.00 to RMB0.875 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*