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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)*

FURTHER ANNOUNCEMENT IN RELATION TO

**VERY SUBSTANTIAL ACQUISITION, PROPOSED INCREASE IN AUTHORISED
SHARE CAPITAL, SPECIFIC MANDATE TO ISSUE NEW SHARES AND CONNECTED
TRANSACTIONS FOR
TIANJIN PORT DEVELOPMENT HOLDINGS LIMITED
AND
DEEMED VERY SUBSTANTIAL DISPOSAL AND
CONNECTED TRANSACTION FOR
TIANJIN DEVELOPMENT HOLDINGS LIMITED**

Financial advisers to Tianjin Port Development Holdings Limited



Morgan Stanley



Reference is made to the Announcement of Tianjin Port Development and Tianjin Development on 16 March 2009, where it was announced that Tianjin Port Development, Grand Point and the Vendor entered into the Sale and Purchase Agreement, pursuant to which Tianjin Port Development, through its wholly-owned subsidiary Grand Point, agreed to conditionally acquire from the Vendor its 56.81% interest in the registered share capital of the Target for a total consideration of HK\$10,961 million. This announcement contains further information in relation to the Proposed Transaction.

FURTHER DETAILS ON THE PROPOSED ACQUISITION

The Consideration for the Proposed Acquisition shall be satisfied:

- (a) as to approximately HK\$7,031 million by the issue of the Consideration Shares to the Vendor's wholly-owned subsidiary as directed by the Vendor; and
- (b) as to approximately HK\$3,930 million by cash (subject to adjustment) payable to the Vendor's wholly-owned subsidiary as directed by the Vendor, which may be financed with the following:
 - (i) as to approximately HK\$400 million, by cash from internal resources;
 - (ii) as to a maximum of HK\$1,700 million, by bank borrowings; and
 - (iii) as to the remaining balance, by proceeds from the issue of Tianjin Port Development Shares pursuant to the Proposed Placing and the Option Agreement, and/or other sources.

THE PROPOSED PLACING

Tianjin Port Development is proposing to issue the Placing Shares to independent professional and institutional investors in order to satisfy part of the cash portion of the Consideration. The Placing Price will be determined by agreement between Tianjin Port Development and the placing agents. Tianjin Port Development will make a further announcement on the number of shares, placing price and other information upon the signing of the Placing Agreement.

THE OPTION AGREEMENT

In view of recent market volatility subsequent to the date of the Announcement and to provide greater certainty as to the success of the Proposed Transaction in terms of shareholders' approval at the Tianjin Development EGM, on 15 June 2009 Tianjin Port Development entered into the Option Agreement with Tianjin Development and Leadport. Pursuant to the Option Agreement, Tianjin Port Development has granted Leadport, a wholly-owned subsidiary of Tianjin Development, a right to subscribe for the Option Shares, at the same time as the Proposed Placing, to increase Tianjin Development's interest, through its two wholly-owned subsidiaries, to no more than 21% of the enlarged issued share capital of Tianjin Port Development upon Completion. The total consideration for the subscription of the Option Shares by Leadport shall not exceed HK\$280 million.

Tianjin Development is a substantial shareholder of Tianjin Port Development and therefore a connected person of Tianjin Port Development under the Listing Rules. As such, the issue of the Option Shares pursuant to the Option Agreement will constitute a connected transaction for Tianjin Port Development and Tianjin Port Development will be subject to the reporting, announcement and independent shareholders' approval requirements of Tianjin Port Development under Rules 14A.16 and 14A.31 of the Listing Rules. As the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the maximum consideration for the subscription of the Option Shares are below 5% for Tianjin Development, the subscription of the Option Shares does not constitute a notifiable transaction for Tianjin Development.

Completion is subject to conditions that may or may not be fulfilled. Shareholders and potential investors of Tianjin Port Development and Tianjin Development should exercise caution in dealing in the securities of Tianjin Port Development and Tianjin Development.

Reference is made to the announcement dated 16 March 2009 (the "Announcement") jointly issued by Tianjin Port Development and Tianjin Development in relation to, among others, a very substantial acquisition and connected transaction of Tianjin Port Development and a deemed very substantial disposal and connected transaction of Tianjin Development. It was disclosed in the Announcement that Tianjin Port Development, Grand Point and the Vendor entered into the Sale and Purchase Agreement, pursuant to which Tianjin Port Development, through its wholly-owned subsidiary Grand Point, agreed to conditionally acquire from the Vendor its 56.81% interest in the registered share capital of the Target for a total consideration of HK\$10,961 million. Unless the context requires otherwise, terms used in this announcement shall have the same meanings as defined in the Announcement. The purpose of this announcement is to provide further information in relation to the Proposed Transaction.

1. FURTHER DETAILS ON THE PROPOSED ACQUISITION

The Consideration for the Proposed Acquisition shall be satisfied:

- (a) as to approximately HK\$7,031 million by the issue of the Consideration Shares to the Vendor's wholly-owned subsidiary as directed by the Vendor; and
- (b) as to approximately HK\$3,930 million by cash (subject to adjustment) payable to the Vendor's wholly-owned subsidiary as directed by the Vendor, which may be financed with the following:
 - (i) as to approximately HK\$400 million, by cash from internal resources;
 - (ii) as to a maximum of HK\$1,700 million, by bank borrowings; and
 - (iii) as to the remaining balance, by proceeds from the issue of Tianjin Port Development Shares pursuant to the Proposed Placing and the Option Agreement and/or other sources.

As disclosed in the Announcement, pursuant to the Sale and Purchase Agreement, the adjustment to the cash portion may be made by Tianjin Port Development based on market conditions between the date of the Sale and Purchase Agreement and Completion. The manner and specific amount of such adjustment are subject to further agreement to be made among Tianjin Port Development, Grand Point and the Vendor. In particular, if the parties agree that the cash portion of the Consideration is to be reduced, the shortfall may be satisfied by the issue of further Consideration Shares by Tianjin Port Development to the Vendor's wholly-owned subsidiary as directed by the Vendor or other means. As a result, the proportion of the Consideration to be satisfied by Consideration Shares and by cash may be adjusted pursuant to this mechanism.

Upon Completion:

- the total issued share capital of Tianjin Port Development will not be more than 6,600 million Tianjin Port Development Shares;
- the Vendor will have an interest of no less than 51% in the enlarged issued share capital of Tianjin Port Development and will become the controlling shareholder of Tianjin Port Development; and
- where the number of Consideration Shares and Placing Shares to be issued is such that Tianjin Development's interest in Tianjin Port Development would fall to below 21% upon Completion, Leadport will have a right pursuant to the Option Agreement to subscribe for such number of Option Shares not exceeding the lesser of: (a) the number of Option Shares that may be subscribed at the Placing Price for a total consideration of HK\$280 million; and (b) the number of Option Shares that may be subscribed at the Placing Price which would result in Tianjin Development's total shareholding being equal to 21% of the enlarged issued share capital of Tianjin Port Development upon Completion.

2. THE PROPOSED PLACING

Tianjin Port Development proposes to issue the Placing Shares to not less than six independent professional and institutional investors in order to satisfy part of the cash portion of the Consideration.

Target subscribers:	independent professional and institutional investors
Type of securities to be issued:	ordinary Tianjin Port Development Shares
Nominal value:	HK\$0.10
Rights attached to the Placing Shares:	the Placing Shares will rank pari passu with the existing Tianjin Port Development Shares in all respects
Method of issue:	the proposed issue will be conducted by way of private placement to independent professional and institutional investors

Basis for determining the
Placing Price:

the Placing Price will be determined by agreement between Tianjin Port Development and the placing agents and will be subject to a number of considerations, including prevailing market conditions, the prevailing market price of the Tianjin Port Development Shares and investor demand for the Tianjin Port Development Shares at the relevant time. In any event, the discount to the Placing Price must not exceed 20% of the closing price of the Tianjin Port Development Shares quoted on the Stock Exchange on the last Trading Day prior to the announcement in respect of the launch of the Proposed Placing

The maximum number of the Placing Shares and the Option Shares (as described in the section “Option Agreement”) below to be issued by Tianjin Port Development is 1,446.9 million (representing approximately 81% of the existing issued share capital and approximately 22% of the maximum enlarged issued share capital of Tianjin Port Development), based on the maximum enlarged issued share capital of 6,600 million Tianjin Port Development Shares less:

- (i) 1,787.1 million existing Tianjin Port Development Shares; and
- (ii) 3,366 million Tianjin Port Development Shares, being the minimum number of Tianjin Port Development Shares to be issued to the Vendor as Consideration Shares in order to allow the Vendor to achieve an interest of at least 51% in the maximum enlarged issued share capital of Tianjin Port Development.

The total number of Placing Shares to be issued will be determined between Tianjin Port Development and the placing agents taking into account factors including but not limited to the market conditions at the time of launch of the Proposed Placing, and the amount of cash and borrowings to be used to satisfy part of the cash portion of the Consideration. The total number of Placing Shares and Option Shares may or may not reach the maximum of 1,446.9 million Tianjin Port Development Shares.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

Tianjin Port Development will issue a further announcement on the number of Placing Shares, Placing Price and other information upon the signing of the Placing Agreement.

Conditions to the Proposed Placing

Completion of the Proposed Placing will be subject to the following conditions:

- (a) the Proposed Transaction being approved, and the specific mandate being obtained for the Proposed Share Issue, by the Tianjin Port Development Independent Shareholders at the Tianjin Port Development EGM, and the Proposed Increase in Authorised Share Capital being approved by the Tianjin Port Development Shareholders at the Tianjin Port Development EGM;
- (b) the Proposed Transaction and the deemed disposal resulting from the Proposed Share Issue being approved by the Tianjin Development Independent Shareholders at the Tianjin Development EGM;
- (c) the transfer of shares of the Target by state-owned shareholders pursuant to the Proposed Acquisition being approved by SASAC;
- (d) the Proposed Acquisition being approved by MOFCOM in respect of the foreign investment in the Target and any merger control notification (if applicable);
- (e) the Proposed Acquisition being approved by the CSRC and the CSRC having granted a waiver from the obligation to make a general offer for all the shares in the Target; and
- (f) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

Use of proceeds from the Proposed Placing

The net proceeds from the Proposed Placing will be used to satisfy part of the cash portion of the Consideration for the Proposed Acquisition.

Timing of the Proposed Placing

It is expected that the Proposed Placing will be launched and Placing Price will be determined after all of the conditions precedent to the completion of the Proposed Placing (other than listing approval of the Placing Shares) have been fulfilled. In any event, the Proposed Placing, if launched, will be conducted and completed no later than the earlier of the date of Completion and 16 June 2010.

3. THE OPTION AGREEMENT

Tianjin Port Development entered into the Option Agreement with its holding company, Tianjin Development and Leadport, a wholly-owned subsidiary of Tianjin Development, on 15 June 2009. Pursuant to the Option Agreement, Tianjin Port Development granted Leadport a right to subscribe for the Option Shares, at the same time as the Proposed Placing, to increase Tianjin Development's interest, through its wholly-owned subsidiaries, Learder Top Investments Limited and Leadport, to no more than 21% of the enlarged issued share capital of Tianjin Port Development upon Completion.

Subscriber:	Leadport
Type of securities to be issued:	ordinary Tianjin Port Development Shares
Nominal value:	HK\$0.10
Rights attached to the Option Shares:	the Option Shares will rank pari passu with the existing Tianjin Port Development Shares in all respects
Price:	the price payable for each Option Share shall be the same as the Placing Price
Number of Option Shares to be issued:	such number of Option Shares not exceeding the lesser of: (a) the number of Option Shares that may be subscribed at the Placing Price for a total consideration of HK\$280 million; and (b) the number of Option Shares that may be subscribed at the Placing Price which would result in Tianjin Development's total shareholding, through its two wholly-owned subsidiaries, being equal to 21% of the enlarged issued share capital of Tianjin Port Development upon Completion
Option period:	Leadport may exercise the Option to subscribe for the Option Shares on the date the Placing Price is determined

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Option Shares on the Stock Exchange.

Conditions to completion of the Option Agreement

Completion of the Option Agreement will be subject to the following conditions:

- (a) Tianjin Port Development obtaining all approvals and consents required for the issue and allotment of the Option Shares, including but not limited to consents and approvals from the Tianjin Port Development Directors, the Tianjin Port Development Shareholders for the Proposed Increase in Authorised Share Capital, the Tianjin Port Development Independent Shareholders for the Option Agreement, and regulatory and governmental authorities (including the Stock Exchange);
- (b) all of the conditions precedent to completion of the Placing Agreement having been fulfilled; and
- (c) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Option Shares.

Upon the exercise in full of the Option, Tianjin Development, through its two wholly-owned subsidiaries, will have an interest of no more than 21% in the enlarged issued share capital of Tianjin Port Development upon Completion.

Use of proceeds from the issue of Option Shares

The proceeds from the issue of Option Shares under the Option Agreement will be used to satisfy part of the cash portion of the Consideration for the Proposed Acquisition.

Reasons for entering into the Option Agreement for Tianjin Development

In order to: (a) maintain significant influence on and interest in a significantly larger Tianjin Port Development Group, which is expected to have improved performance as a result of the potential synergies, improved overall competitiveness and improved management of the Enlarged Tianjin Port Development Group; and (b) adopt equity accounting in respect of Tianjin Development's interest in Tianjin Port Development, and having considered potential minor dilutions of Tianjin Development's interest in Tianjin Port Development as a result of exercise of employee share options in Tianjin Port Development or otherwise, Tianjin Development intends to maintain its interest in Tianjin Port Development at or above 21% upon Completion through purchases on the market or exercise of the Option.

It is expected that the number of the Consideration Shares and the Placing Shares to be issued will be determined on the date that the Placing Price is determined. On that date, Tianjin Development will be able to determine the dilutive effect on its interest, through its two wholly-owned subsidiaries, as a result of the proposed issue of the Consideration Shares and the Placing Shares. If Tianjin Development's interest in Tianjin Port Development, through its two wholly-owned subsidiaries, is to be diluted to below 21% upon Completion, Leadport will exercise the Option, which will allow Tianjin Development to increase its interest in Tianjin Port Development to no more than 21% upon Completion.

The total amount to be spent on market purchases from the date of the Announcement until Completion and exercise of the Option will not exceed HK\$280 million, which is determined with reference to the internal financial resources of Tianjin Development.

Reasons for entering into the Option Agreement for Tianjin Port Development

In view of recent market volatility subsequent to the date of the Announcement, the Tianjin Port Development Directors consider the entering into of the Option Agreement by Tianjin Port Development would provide greater certainty as to the success of the Proposed Transaction in terms of shareholders' approval at the Tianjin Development EGM.

The maximum percentage interest to be held by Tianjin Development if the Option is exercised was determined to be 21% taking into consideration, among others, the retention of a significant influence of and interest by Tianjin Development in the Enlarged Tianjin Port Development Group, the adoption of equity accounting in respect of Tianjin Development's interest in Tianjin Port Development, and potential minor dilutions of Tianjin Development's interest in Tianjin Port Development as a result of exercise of employee share options in Tianjin Port Development or otherwise.

Listing Rules implications on the proposed issue of Option Shares

Tianjin Development is a substantial shareholder and therefore a connected person of Tianjin Port Development under the Listing Rules. As such, the issue of the Option Shares pursuant to the Option Agreement will constitute a connected transaction for Tianjin Port Development and Tianjin Port Development will be subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.16 and 14A.31 of the Listing Rules. As the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the maximum consideration for the subscription of the Option Shares are below 5% for Tianjin Development, the subscription of the Option Shares does not constitute a notifiable transaction for Tianjin Development.

The Tianjin Port Development Directors believe that the terms of the Option Agreement are fair and reasonable and in the interests of the Tianjin Port Development Shareholders as a whole.

4. INFORMATION ON TIANJIN DEVELOPMENT

The current principal operations (other than the port services operation through Tianjin Port Development Group) of the Tianjin Development Group are: (a) infrastructure operations including toll road operations; (b) utilities operations including the supply of water, electricity and heat and thermal power in the Tianjin Economic-Technological Development Area; (c) commercial properties operations, principally hotel operations; and (d) strategic and other investments, including approximately 44.8% equity interest in Dynasty Fine Wines Group Limited (which is listed on the main board of the Stock Exchange with stock code:828), and elevator and escalator operations.

As disclosed in the annual report of Tianjin Development for the year ended 31 December 2008, disposal of Tianjin Development Group's interest in the operation of Eastern Outer Ring Road, one of the toll roads currently operated by the Tianjin Development Group has been initiated prior to the end of 2008 and is expected to be completed in 2009.

5. INFORMATION ON TIANJIN PORT DEVELOPMENT

Tianjin Port Development is principally engaged in container handling services at the port of Tianjin, primarily through its subsidiaries, associates and jointly-controlled entities. In addition, the Tianjin Port Development Group is also involved in non-containerised cargo handling, logistics, and other ancillary services in the port of Tianjin. For the year ended 31 December 2008, the Tianjin Port Development Group handled approximately 4.4 million TEUs of containers (including the volume handled by Tianjin Port Alliance International Container Terminal Co., Ltd.) and approximately 13.1 million tonnes of non-containerised cargo.

The following table sets out selected financial information extracted from the audited consolidated financial statements of Tianjin Port Development prepared in accordance with the Hong Kong Financial Reporting Standards for the financial years ended 31 December 2007 and 2008.

	Year ended 31 December	
	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	287,793	181,034
Profit after tax	240,642	130,620

As at 31 December 2008, the audited consolidated net assets of the Tianjin Port Development Group was approximately HK\$3,614.4 million.

6. GENERAL

The Circular containing, among others:

- (a) notice of the Tianjin Port Development EGM to seek approval by the Tianjin Port Development Independent Shareholders of the Proposed Transaction, the Option Agreement, the Non-exempt Continuing Connected Transactions, and to seek a specific mandate for the Proposed Share Issue of up to an aggregate of 4,812.9 million Tianjin Port Development Shares, and to seek the approval by the Tianjin Port Development Shareholders of the Proposed Increase in Authorised Share Capital;
- (b) notice of the Tianjin Development EGM to seek approval by the Tianjin Development Independent Shareholders of the Proposed Transaction;
- (c) further details of the Sale and Purchase Agreement, the Proposed Transaction, the Option Agreement and the Continuing Connected Transactions;
- (d) letter of advice from the independent financial adviser to the Tianjin Port Development Independent Board Committee and the Tianjin Port Development Independent Shareholders and letter of advice from the independent financial adviser to the Tianjin Development Independent Board Committee and the Tianjin Development Independent Shareholders; and
- (e) letter from the Tianjin Port Development Independent Board Committee to the Tianjin Port Development Independent Shareholders and letter from the Tianjin Development Independent Board Committee to the Tianjin Development Independent Shareholders,

will be despatched to the Tianjin Port Development Shareholders and Tianjin Development Shareholders as soon as practicable after this announcement.

Completion is subject to conditions that may or may not be fulfilled. Shareholders and potential investors in Tianjin Port Development and Tianjin Development should exercise caution in dealing in the securities of Tianjin Port Development and Tianjin Development.

7. DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

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|---|--|
| “Enlarged Tianjin Port Development Group” | the Tianjin Port Development Group immediately after Completion, including the Target Group; |
| “Leadport” | Leadport Holdings Limited, a company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of Tianjin Development; |

“Option”	the option granted by Tianjin Port Development to Leadport to subscribe for the Option Shares pursuant to the Option Agreement;
“Option Agreement”	the option agreement dated 15 June 2009 entered into between Tianjin Port Development, Tianjin Development and Leadport, pursuant to which Tianjin Port Development granted Leadport a right to subscribe for the Option Shares;
“Option Shares”	new Tianjin Port Development Shares to be issued by Tianjin Port Development to Leadport pursuant to the Option Agreement;
“Placing Agreement”	the agreement to be entered into between Tianjin Port Development and the placing agents in respect of the Proposed Placing;
“Placing Price”	the price to be paid for each Placing Share;
“Placing Shares”	new Tianjin Port Development Shares to be issued by Tianjin Port Development pursuant to the Proposed Placing;
“Proposed Placing”	the proposed issue of Tianjin Port Development Shares by Tianjin Port Development to professional and independent investors by way of private placement of Tianjin Port Development Shares, which are proposed to be listed on the Stock Exchange; and
“Proposed Share Issue”	the proposed issue by Tianjin Port Development of: (a) Consideration Shares to the Vendor’s wholly-owned subsidiary as directed by the Vendor to satisfy the share portion of the Consideration; and (b) Placing Shares pursuant to the Proposed Placing (which among other reasons, may be used to maintain at least 25% of the issued share capital of Tianjin Port Development to be held by the public), Option Shares pursuant to the Option Agreement, and other securities (if any) relating to Tianjin Port Development to satisfy the cash portion of the Consideration; and
“Proposed Transaction”	the Proposed Acquisition and the Proposed Share Issue, collectively.

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, 15 June 2009

As at the date of this announcement, the board of directors of Tianjin Port Development consists of Mr. Yu Rumin, Mr. Nie Jiansheng, Mr. Zhang Jinming, Mr. Xue Lingsen and Mr. Liu Qingshan 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 board of directors of Tianjin Development consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Nie Jiansheng, Mr. Dai Yan, Mr. Zheng Daoquan, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin and Mr. Gong Jing 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.