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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF LOYAL RIGHT LIMITED

On 28 June 2013, King Wealthy entered into the Agreement with Hongkong Xinguang in relation to the disposal of the entire issued share capital of Loyal Right at a total consideration of RMB351,953,000 (equivalent to approximately HK\$439,941,000).

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement under the Listing Rules.

On 28 June 2013, King Wealthy, a wholly-owned subsidiary of the Company, entered into the Agreement with Hongkong Xinguang, pursuant to which King Wealthy has agreed to sell and Hongkong Xinguang has agreed to purchase the Sale Share, representing the entire issued share capital of Loyal Right, subject to the terms and conditions of the Agreement.

THE AGREEMENT

Date

28 June 2013

Parties

- (1) Vendor : King Wealthy, a wholly-owned subsidiary of the Company
- (2) Purchaser : Hongkong Xinguang

INFORMATION ON LOYAL RIGHT

Loyal Right is an investment holding company incorporated in the British Virgin Islands with limited liability and, through its wholly-owned subsidiary, Lethia, owns 75% equity interest in First Hotel. First Hotel is a sino-foreign equity joint venture company established in the PRC with limited liability and its principal asset is the Property. The Property is a hotel building located at 219 Jie Fang Road North, Heping District, Tianjin, PRC (中國天津市和平區解放北路 219 號) with a gross floor area of approximately 35,548.86 square metres, formerly operating as Hyatt Regency Tianjin Hotel and is currently vacant. The unaudited carrying value of the Property as at 31 December 2012 was approximately HK\$329,456,000.

Based on the unaudited consolidated financial statements of Loyal Right as at 31 December 2012 which were prepared in accordance with the Hong Kong Financial Reporting Standards, the unaudited total assets of Loyal Right was approximately HK\$371,485,000 and the unaudited net liabilities of Loyal Right was approximately HK\$85,481,000. The unaudited consolidated net loss before and after taxation of Loyal Right for the two years ended 31 December 2011 and 31 December 2012 were as follows:

	For the year ended 31 December	
	2012	2011
	HK\$	HK\$
Net loss before taxation	29,565,000	24,814,000
Net loss after taxation	26,957,000	22,256,000

As at the date of the Agreement, there were intra-group loans owing by Lethia and First Hotel to the Group in the amounts of HK\$12,816,658.94 (equivalent to approximately RMB10,253,000) and RMB74,300,000 (equivalent to approximately HK\$92,875,000) respectively.

Consideration

The consideration for the Disposal is RMB351,953,000 (equivalent to approximately HK\$439,941,000) (out of which RMB84,553,000 (equivalent to approximately HK\$105,691,000) shall be applied to repay the intra-group loans owing by Lethia and First Hotel to the Group as mentioned above), which shall be payable in cash by Hongkong Xinguang (or its designated company) in the following manner:-

- (1) RMB40,000,000 (equivalent to approximately HK\$50,000,000) which was paid to King Wealthy as earnest money prior to the signing of the Agreement shall be treated as part payment of the consideration on the date of the Agreement;
- (2) RMB34,300,000 (equivalent to approximately HK\$42,875,000) shall be deposited into two bank accounts in Tianjin designated by King Wealthy as specified in the Agreement on or before 28 June 2013; and
- (3) the remaining balance of the consideration of RMB277,653,000 (equivalent to approximately HK\$347,066,000) shall be deposited into a bank account in Hong Kong designated by King Wealthy as specified in the Agreement on or before 30 August 2013.

Where Hongkong Xinguang fails to pay the remaining balance of RMB277,653,000 (equivalent to approximately HK\$347,066,000) before 30 August 2013 in accordance with the Agreement, Hongkong Xinguang shall be deemed to be in breach of the Agreement, the Agreement shall automatically terminate and King Wealthy shall be entitled to forfeit the amounts paid under items (1) and (2) above by Hongkong Xinguang.

天津成峰基業機械技術有限公司 has on the date of the Agreement executed a joint and several liability guarantee in favour of King Wealthy to guarantee the payment obligations of all amounts due and payable by Hongkong Xinguang under the Agreement.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties with reference to (i) the entire interest of Loyal Right at a market value of RMB267,398,600 (equivalent to approximately HK\$334,248,000) as at 30 April 2013 contained in a valuation report prepared by Tianjin Huaxia Jinxin Assets Valuation Company Limited (天津華夏金信資產評估有限公司); and (ii) the repayment of the intra-group loans of RMB84,553,000 (equivalent to approximately HK\$105,691,000) by Hongkong Xinguang as mentioned above.

Conditions Precedent

Completion of the Disposal is subject to the fulfillment of the following conditions precedent and the due payment of the consideration for the Disposal by Hongkong Xinguang in accordance with the Agreement:-

- (1) the approval(s) and/or consent(s) from the state-owned assets supervision authority in relation to the transactions contemplated under the Agreement having been obtained and all necessary procedures having been complied with in accordance with the laws of the PRC; and
- (2) (where applicable) the approval(s) and/or consent(s) from other governmental authorities or as may be required under relevant laws, regulations and contracts in relation to the transactions contemplated under the Agreement having been obtained.

If all the above conditions precedent are not fulfilled on or prior to the Long Stop Date, the Agreement shall automatically terminate and neither party to the Agreement shall have any liability or obligation to the other party save to the extent that such non-fulfillment of the conditions precedent is not due to the default of either party to the Agreement, King Wealthy shall, on the fifth business day after termination of the Agreement, refund all amounts already paid by Hongkong Xinguang pursuant to the Agreement.

Completion

Subject to fulfillment of all the above conditions precedent, completion of the Disposal shall take place on the fifth business day after the date on which all of such conditions precedent have been fulfilled or such other date as the parties may agree in writing. Upon completion of the Disposal, the Company will cease to hold any equity interest in Loyal Right, Lethia and First Hotel, and Loyal Right, Lethia and First Hotel will cease to be subsidiaries of the Company.

Other Term

Hongkong Xinguang has pursuant to the Agreement agreed to be responsible for all working capital of First Hotel and in this connection shall pay sufficient funds to a designated bank account of First Hotel on the date of completion of the Disposal or 30 June 2013 (whichever is the earlier).

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the Company's annual report for the year ended 31 December 2012, the Group has been actively exploring potential plans for redevelopment or disposal of the Property. Taking into account the consideration offered by Hongkong Xinguang and redeveloping the Property would require substantial investment from the Group, the Board considers that the Disposal provides an opportunity for the Group to realise its investment in the Property and reallocate its resources to other existing business of the Group.

The Directors are of the view that the Disposal is on normal commercial terms and the terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

The Group expects to recognize an estimated gain of approximately HK\$160,000,000 from the Disposal, which is calculated on the basis of (i) the consideration of the Disposal; (ii) the carrying value attributable to the Company's interest in Loyal Right; (iii) the exchange reserve to be released from the Disposal; and (iv) the expenses and corresponding income tax liabilities incurred from the Disposal. The actual amount of gain on the Disposal will depend on the carrying value attributable to the Company's interest in Loyal Right and exchange reserve to be released upon completion of the Disposal.

The Company intends to use the net proceeds from the Disposal for general working capital purpose.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement under the Listing Rules.

GENERAL

The principal activity of the Company is investment holding. The principal activities of the Group are (i) utilities including supply of electricity, water and heat and thermal power; (ii) hotels; (iii) electrical and mechanical including manufacture and sale of hydraulic presses and hydroelectric equipments; and (iv) strategic and other investments including investments in the production, sale and distribution of winery products, elevators and escalators and provision of port services in Tianjin.

So far as the Directors are aware, Hongkong Xinguang is an investment holding company incorporated in Hong Kong with limited liability.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hongkong Xinguang, 天津成峰基業機械技術有限公司 and their respective ultimate beneficial owners are parties independent of the Company and its connected persons.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the sale and purchase agreement dated 28 June 2013 entered into between King Wealthy as vendor and Hongkong Xinguang as purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share by King Wealthy to Hongkong Xinguang pursuant to the Agreement and the transactions contemplated thereunder
“First Hotel”	天津第一飯店有限公司 (Tianjin First Hotel Ltd.), a sino-foreign equity joint venture company established in the PRC with limited liability and is owned as to 75% by Lethia
“Group”	the Company and its subsidiaries
“Hongkong Xinguang”	Hongkong Xinguang Abc International Holdings Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“King Wealthy”	King Wealthy Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Lethia”	Lethia Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Loyal Right
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2013 or such later date as may be agreed in writing between King Wealthy and Hongkong Xinguang

“Loyal Right”	Loyal Right Limited, a company incorporated in the British Virgin Islands with limited liability and prior to completion of the Disposal, a wholly-owned subsidiary of King Wealthy
“Property”	the hotel building located at 219 Jie Fang Road North, Heping District, Tianjin, PRC (中國天津市和平區解放北路219號) with a gross floor area of approximately 35,548.86 square metres
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	1 share of US\$1.00 in Loyal Right, representing the entire issued share capital of Loyal Right
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

In this announcement, RMB has been converted to HK\$ at the rate of RMB0.80 = HK\$1.00 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 28 June 2013

As at the date of this announcement, the Board of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Wang Zhiyong, Dr. Wang Weidong, Mr. Tuen Kong, Simon, Mr. Cheung Wing Yui, Edward, Dr. Chan Ching Har, Eliza*, Dr. Cheng Hon Kwan**, Mr. Mak Kwai Wing, Alexander**, Ms. Ng Yi Kum, Estella**, Mr. Wong Shiu Hoi, Peter** and Dr. Loke Yu**.*

* *non-executive director*

** *independent non-executive director*