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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)*

**(Stock Code: 882)**

## **DISCLOSEABLE AND CONNECTED TRANSACTION**

### **DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF FAMOUS EVER GROUP LIMITED**

On 5 May 2014 (after trading hours), the Company entered into the Sale and Purchase Agreement with Tsinlien in relation to the disposal of the entire issued share capital of Famous Ever by the Company at a total Consideration of HK\$890,000,000, subject to upward adjustment (where applicable).

As one or more of the applicable percentage ratios for the Disposal calculated in accordance with Rule 14.07 of the Listing Rules are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Since Tsinlien is directly and indirectly holding a total of 672,593,143 shares of the Company (representing approximately 63.01% of the total issued shares of the Company) as at the date of this announcement, Tsinlien is a substantial shareholder of the Company and thus a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Tsinlien and its associates will abstain from voting on the ordinary resolution to be proposed at the EGM for the approval of the Disposal.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Disposal. Investec Capital Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

A circular containing, inter alia, details of (i) the terms of the Sale and Purchase Agreement; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement; and (iv) a notice to convene the EGM, will be despatched to the Shareholders on or about 27 May 2014.

## **THE SALE AND PURCHASE AGREEMENT**

On 5 May 2014 (after trading hours), the Company entered into the Sale and Purchase Agreement with Tsinlien, pursuant to which the Company conditionally agreed to sell and Tsinlien conditionally agreed to purchase the Sale Share, representing the entire issued share capital of Famous Ever, subject to the terms and conditions of the Sale and Purchase Agreement.

### **Date**

5 May 2014

### **Parties**

- (1) Vendor : the Company
- (2) Purchaser : Tsinlien, the controlling shareholder of the Company

### **Information on Famous Ever**

Famous Ever is an investment holding company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company. Its sole asset of significance is the holding of 558,000,000 ordinary shares of Dynasty, representing approximately 44.70% of the issued share capital of Dynasty as at the date of this announcement. Dynasty is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. Dynasty and its subsidiaries are principally engaged in production and sale of winery products.

As at 31 December 2013, the unaudited net asset value of Famous Ever amounted to approximately HK\$786,780,000. The unaudited net profit before and after taxation of Famous Ever for the two financial years ended 31 December 2013 and 2012 were as follows:

	<b>For the year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before taxation	3,440	(111,267)
Profit (loss) after taxation	3,440	(111,267)

Trading in the shares of Dynasty has been suspended since 22 March 2013 as disclosed in its announcement published on the even date. As set out in the latest announcement published by Dynasty on 28 April 2014, Dynasty is still undergoing an internal investigation on certain transactions of Dynasty and its subsidiaries, and thus, the publication of its audited consolidated financial statements for the financial years ended 31 December 2013 and 2012 are being delayed. As at the date of this announcement, such audited consolidated financial statements have not been published by Dynasty yet. Accordingly, neither the profits before and after taxation for the two years ended 31 December 2013 and 2012 nor the consolidated net asset value as at 31 December 2013 and 2012 of Dynasty (or any subsequent move up-to-date figures) are available.

Set out below is a summary of financial information as extracted from the respective interim and annual report published by Dynasty for the six months ended 30 June 2012 and for the year ended 31 December 2011:

	<b>For the six months ended 30 June 2012</b>	<b>For the year ended 31 December 2011</b>
	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i> <i>(Audited)</i>
Turnover	556,439	1,445,117
Gross profit	246,700	603,738
Profit before taxation	1,838	19,189
(Loss) profit after taxation	(6,736)	2,186
Total asset value	2,516,657	2,593,344
Net asset value	2,004,116	2,015,680

Immediately after Completion, Famous Ever will cease to be a subsidiary of the Company and will become a subsidiary of Tsinlien.

### **Consideration**

The total Consideration for the Sale Share is HK\$890,000,000, subject to upward adjustment (where applicable), which shall be payable in cash (or in such other manner as may be agreed between the parties in writing) by Tsinlien in the following manner:

- (1) an initial deposit of HK\$100,000,000 has been paid upon signing of the Sale and Purchase Agreement; and
- (2) the remaining balance of the Consideration of HK\$790,000,000 shall be paid on or before 30 June 2014.

### **Adjustment to the Consideration**

The Consideration is subject to the following adjustments in the manner as applicable:

- (1) if Dynasty publishes its audited consolidated financial statements for the financial year ended 31 December 2012 before Completion, and the Audited NAV is more than the Unaudited NAV, the Consideration will be increased by the Excess Amount pro-rata to Famous Ever's percentage shareholding in Dynasty as at the date of the Sale and Purchase Agreement which will be payable in cash by Tsinlien upon Completion; and

- (2) if Dynasty publishes its audited consolidated financial statements for the financial year ended 31 December 2012 at any time after Completion, and the Audited NAV is more than the Unaudited NAV, the Consideration will be increased by the Excess Amount pro-rata to Famous Ever's percentage shareholding in Dynasty as at the date of the Sale and Purchase Agreement, and such amount of increase shall be payable in cash by Tsinlien within 10 Business Days after publication of the audited consolidated financial statements by Dynasty. For the avoidance of doubt, this adjustment will apply after Completion without any time limitation.

It is agreed that should the Audited NAV be less than the Unaudited NAV, the Consideration will not be adjusted and the Company will not have to make any compensation to Tsinlien.

In the event of any adjustment to the Consideration, the Company will comply with all applicable requirements under the Listing Rules (if required).

The Consideration is determined after arm's length negotiations between the parties, taking into account (i) the unaudited consolidated net asset value of Dynasty as at 30 June 2012; (ii) the carrying value of the Group's interest in Dynasty as at 31 December 2013; (iii) the development of winery market in the PRC; and (iv) the historical results of Dynasty.

### **Conditions precedent**

Completion is subject to the following conditions being satisfied and (where applicable) waived:

- (1) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (2) all necessary approvals, consents, authorisations and waivers from banks (where applicable) for entering into the Sale and Purchase Agreement and the transactions contemplated thereunder (if so required) having been obtained by the Company and Tsinlien; and
- (3) all necessary approvals from the PRC government or the relevant PRC regulatory authorities or departments for the transactions contemplated under the Sale and Purchase Agreement having been obtained by Tsinlien.

Tsinlien may waive condition precedent (2) above concerning the Company by notice in writing to the Company. The Company may waive conditions precedent (2) and/or (3) above concerning Tsinlien by notice in writing to Tsinlien.

### **Completion**

Completion of the Sale and Purchase Agreement shall take place on the day all the above conditions have been satisfied or (where applicable) waived (or such other date as may be agreed by the Company and Tsinlien).

## **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion, the Company will cease to hold any interests in Famous Ever and thereafter Dynasty will no longer be an associated company of the Group. It is estimated that if the Consideration shall not be adjusted upwards as a result of the Excess Amount, an unaudited gain of approximately HK\$190,000,000 (with the total expenses incidental to the Disposal to be assessed for deduction) will arise from the Disposal. Such estimated unaudited gain is calculated with reference to (i) the Consideration; (ii) the carrying value of the Group's interest in Dynasty as at 31 December 2013; and (iii) the release of exchange reserve upon the Disposal. The actual amount of gain will depend on the carrying value of the Group's interest in Dynasty and exchange reserve to be released as at Completion. The Company intends to apply the proceeds from the Disposal as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Board believes that the Disposal can enlarge the Group's working capital and also allow the Group to use its proceeds to pursue other potential investments, which is in the best interests of the Company and the Shareholders as a whole.

The Directors (other than the independent non-executive Directors whose views will be given after taking into account the independent advice from Investec Capital Asia Limited) consider that the terms of the Disposal are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

The principal activity of the Company is investment holding. The principal activities of the Group are (i) utilities including supply of electricity, water, heat and thermal power; (ii) hotel operations; (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.

Tsinlien is an investment holding company incorporated in Hong Kong and indirectly entirely-owned by Tianjin Municipal People's Government of the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE**

As one or more of the applicable percentage ratios for the Disposal calculated in accordance with Rule 14.07 of the Listing Rules are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Since Tsinlien is directly and indirectly holding a total of 672,593,143 shares of the Company (representing approximately 63.01% of the total issued shares of the Company as at the date of this announcement, and Tsinlien is a substantial shareholder of the Company and thus a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Tsinlien and its associates will abstain from voting on the ordinary resolution to be proposed at the EGM for the approval of the Disposal.

Tsinlien has applied for, and the SFC has granted, a waiver from the obligation on Tsinlien and parties acting in concert with it to make a general offer for all the shares of Dynasty arising on its acquisition of over 30% of the voting rights of Dynasty pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Disposal. Investec Capital Asia Limited has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

A circular containing, inter alia, details of (i) the terms of the Sale and Purchase Agreement; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement; and (iv) a notice to convene the EGM, will be despatched to the Shareholders on or about 27 May 2014.

## **DEFINITIONS**

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

“associates”	has the meaning ascribed to it in the Listing Rules
“Audited NAV”	the net asset value of Dynasty as at 31 December 2012 based on the audited consolidated financial statements to be published by Dynasty
“Board”	board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for normal banking business (other than a Saturday or Sunday or public holiday or any day on which a tropical cyclone signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong)
“Company”	Tianjin Development Holdings Limited (天津發展控股有限公司), a company incorporated in Hong Kong with limited liability, shares of which are listed on the main board of the Stock Exchange (Stock Code: 882)
“Completion”	completion of the sale and purchase of the Sale Share pursuant to and in accordance with the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration payable by Tsinlien to the Company for the Sale Share

“Directors”	directors of the Company
“Disposal”	the disposal of the entire issued share capital of Famous Ever to Tsinlien by the Company pursuant to the Sale and Purchase Agreement, and the transactions contemplated thereunder
“Dynasty”	Dynasty Fine Wines Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 828)
“EGM”	the extraordinary general meeting of the Company to be convened to approve, inter alia, the Sale and Purchase Agreement and the transaction contemplated thereunder
“Excess Amount”	the excess amount of the Audited NAV over the Unaudited NAV
“Famous Ever”	Famous Ever Group Limited (恆名集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company before Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders on the Sale and Purchase Agreement
“Independent Shareholders”	Shareholders other than Tsinlien and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 5 May 2014 entered into between the Company and Tsinlien in relation to the Disposal
“Sale Share”	one ordinary share in the issued share capital of Famous Ever, representing its entire issued share capital

“SFC”	Securities and Futures Commission
“Shareholder(s)”	holder(s) of the ordinary share(s) in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Tsinlien”	Tsinlien Group Company Limited (津聯集團有限公司), a company incorporated in Hong Kong with limited liability, being the substantial shareholder of the Company and an offshore window company indirectly wholly-owned by the Tianjin Municipal People’s Government of the PRC
“Unaudited NAV”	HK\$2,004,116,000, being the net asset value of Dynasty as at 30 June 2012 based on the unaudited consolidated financial statements for the six months ended 30 June 2012 published by Dynasty on 17 September 2012
“%”	per cent.

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

Hong Kong, 5 May 2014

*As at the date of this announcement, the Board consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Zhang Wenli, Mr. Wang Zhiyong, Mr. Tuen Kong, Simon, Dr. Cui Di, Mr. Hao Feifei, 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*