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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)**

## **CONNECTED TRANSACTION**

### **DISPOSAL OF INTEREST IN GOLDEN HORSE RESOURCES LIMITED**

The Board would like to announce that on 6 December 2010, the Company, as vendor, entered into the Agreement with Tsinlien, as purchaser, for the disposal of 40% of the issued share capital of Golden Horse at a consideration of HK\$1.00. Completion shall take place on or before 31 December 2010 or such other date as otherwise agreed by the parties. Golden Horse, owned as to 40% by the Company, is an investment holding company for the purpose of holding 100% interest in China Mass Transit Development Co. Ltd., whose asset comprises a 60% interest in Jinbin Expressway through five sino-foreign equity joint ventures established under the laws of the PRC.

Tsinlien is a connected person of the Company by virtue of the fact that it is a substantial shareholder of the Company, holding approximately 54.05% of the issued share capital of the Company as at the date of this announcement. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Disposal are less than 5%, the Disposal is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board would like to announce that on 6 December 2010, the Company entered into the Agreement with Tsinlien for the disposal of 40% of the issued share capital of Golden Horse. Upon completion of the Agreement, the Company shall cease to have any interest in Golden Horse.

#### **THE AGREEMENT**

**Date** : 6 December 2010

**Parties** : (a) Vendor : the Company  
(b) Purchaser : Tsinlien

## Information on Golden Horse

Golden Horse is a company incorporated in the British Virgin Islands with limited liability and is directly owned as to 40% by the Company. It is an investment holding company for the purpose of holding 100% interest in China Mass Transit Development Co. Ltd., whose asset comprises a 60% interest in Jinbin Expressway through five sino-foreign equity joint ventures established under the laws of the PRC.

In accordance with the Hong Kong Financial Reporting Standards, the consolidated losses before and after taxation of Golden Horse for the financial years ended 31 December 2008 and 31 December 2009 are set out as follows:

	<b>Year ended 31 December 2009</b>	<b>Year ended 31 December 2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	7,162	9,639
Loss after taxation	7,162	9,639

The book value of the Company's investment in Golden Horse is approximately HK\$156,000,000 as at 31 December 2009 after an impairment loss was made in 2009.

## Consideration

The consideration to be payable by Tsinlien to the Company for the Disposal is HK\$1.00, which has been determined by reference to the followings:

1. Jinbin Expressway has been operating at a loss since the acquisition of interest in Golden Horse by the Group in 2002.
2. The Tianjin Municipal Government intends to make further investments in the Jinbin Expressway. However, the Group would not make any further investment therein as the Group considers that toll road business is no longer its core business and hence would like to exit from business in operating the Jinbin Expressway.
3. On 31 March 2010, the Company received notification from the Tianjin Municipal Government that it would arrange for the refund of the Company's original investment, i.e., US\$20 million (equivalent to approximately HK\$156,000,000), in Jinbin Expressway. The Tianjin Municipal Government had therefore arranged for the transfer of 26 properties located in Shenzhen and Tianjin to a wholly-owned subsidiary of the Company in the PRC for the purpose of refunding the Company its original investment in Jinbin Expressway. As per the valuation report dated 15 October 2010, the market value of these properties is RMB150,820,000 (equivalent to approximately HK\$174,630,000). The Company has therefore fully recovered its original investment in Jinbin Expressway. In the opinion of the Directors, following the full recovery of the Company's original investment in Jinbin Expressway in the manner described above, the Company no longer has any economic interest in Golden Horse.

Having considered the above, the Directors are of the view that the basis of the consideration for the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Completion**

Completion of the Disposal shall take place on or before 31 December 2010 or such other date as agreed by the parties.

## **REASONS FOR THE DISPOSAL**

Jinbin Expressway has been operating at a loss since the acquisition of interest in Golden Horse by the Group in 2002. While the Tianjin Municipal Government intends to make further investments in the Jinbin Expressway, the Group would not make any further investment therein as the Group considers that toll road business is no longer its core business. Therefore, the Disposal would provide for an opportunity for the Group to exit from the toll road business and Tsinlien will hold the interest in Golden Horse in trust for the Tianjin Municipal Government. As disclosed in the annual report of the Company in 2009, the Company received notification from the Tianjin Municipal Government on 31 March 2010 that it would arrange for the refund of the Company's original investment in Jinbin Expressway. In June and September 2010, the Tianjin Municipal Government had therefore arranged for the transfer of 26 properties located in Shenzhen and Tianjin to a wholly-owned subsidiary of the Company in the PRC for the purpose of refunding the Company its original investment in Jinbin Expressway.

Taking into account the fact that the Group has decided to exit from toll road business in the PRC, and the Company has recovered its original investment in Jinbin Expressway, the Directors (including the independent non-executive Directors) are of the view that the Disposal is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GAIN ARISING FROM THE REFUND OF ORIGINAL INVESTMENT IN JINBIN EXPRESSWAY**

The Company estimates that a gain of approximately HK\$18,630,000 will be realised in the Group's income statement arising from the refund of the Company's original investment in Jinbin Expressway by the Tianjin Municipal Government, which was calculated based on the market value of the 26 properties transferred from the Tianjin Municipal Government to the Group and the book value of the Company's investment in Golden Horse as at 31 December 2009.

## **GAIN ARISING FROM THE DISPOSAL**

As the Company no longer has any economic interest in Golden Horse following the full recovery of its original investment in Jinbin Expressway, the disposal of Golden Horse to Tsinlien at HK\$1.00 will result in a gain of HK\$1.00 for the Company.

## **GENERAL**

The principal activity of the Company is investment holding. The principal activities of the Group are (i) utility operations including supply of water, electricity and heat and thermal power; (ii) commercial properties, basically hotel operations; and (iii) strategic and other investments including investments in the production, sale and distribution of winery products, and elevator and escalator and provision of port services.

Tsinlien is principally engaged in the business of general trading and investment holding and is a substantial shareholder of the Company.

## IMPLICATIONS UNDER THE LISTING RULES

Tsinlien is a connected person of the Company by virtue of the fact that it is a substantial shareholder of the Company holding approximately 54.05% of the issued share capital of the Company as at the date of this announcement. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Disposal are less than 5%, the Disposal is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 6 December 2010 entered into between the Company as vendor and Tsinlien 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 main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of 40% of the issued share capital of Golden Horse by the Company to Tsinlien under the Agreement
“Golden Horse”	Golden Horse Resources Limited, a company incorporated in the British Virgin Islands with limited liability
“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
“Jinbin Expressway”	the Jinbin Expressway connecting the Tianjin City and the New Coastal Area in the Tianjin Municipality
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement excludes Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Municipal Government”	Tianjin Municipal People’s Government of the PRC
“Tsinlien”	Tsinlien Group Company Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company holding approximately 54.05% in the issued share capital of the Company
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*In this announcement, RMB has been converted to HK\$ at the rate of RMB0.86365 = HK\$1.00 and US\$ has been converted to HK\$ at the rate of US\$1.00 = HK\$7.80 for illustration purpose. No representation is made that any amounts in US\$, 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, 6 December 2010

*As at the date of this announcement, the Board of the Company consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Dai Yan, Mr. Zheng Daoquan, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Dr. Gong Jing, Mr. Wang Zhiyong, Mr. Cheung Wing Yui\*, Dr. Eliza Chan Ching Har\*, Dr. Cheng Hon Kwan\*\*, Mr. Mak Kwai Wing\*\*, and Ms. Ng Yi Kum, Estella\*\*.*

\* *non-executive director*

\*\* *independent non-executive director*