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**天津发展控股有限公司**  
**TIANJIN DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**(Stock Code: 882)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF 21.83% EQUITY INTEREST IN  
TIANJIN TIANDUAN PRESS CO., LTD.**

On 11 October 2011, Tianjin Tai Kang, a non wholly-owned subsidiary of the Company, entered into the Agreement with Tianjin Benefo and Mr. Wu to inject a cash amount of RMB135,000,000 (equivalent to approximately HK\$165,222,000) into Tianjin Tianduan to acquire the Equity Interest, representing 21.83% of the registered share capital of Tianjin Tianduan (after the Capital Increase).

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Tianjin Benefo is currently holding 17.26% equity interest in Tianjin Tai Kang and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition also constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Tsinlien, a substantial independent Shareholder directly and indirectly holding 583,461,143 shares of the Company (representing approximately 54.66% of the entire issued share capital of the Company), has given its written approval for the Acquisition pursuant to Rule 14A.43 of the Listing Rules. The Company will seek confirmation from the Stock Exchange that independent Shareholders' approval for the Acquisition may be obtained by means of written approval from Tsinlien.

A circular containing, inter alia, details of (i) the terms of the Agreement; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the independent Shareholders; and (iii) the recommendation of the Independent Board Committee to the independent Shareholders in respect of the Agreement will be despatched to the Shareholders on or about 28 October 2011.

## **INTRODUCTION**

On 11 October 2011, Tianjin Tai Kang, a non wholly-owned subsidiary of the Company, entered into the Agreement with Tianjin Benefo and Mr. Wu to inject a cash amount of RMB135,000,000 (equivalent to approximately HK\$165,222,000) into Tianjin Tianduan to acquire the Equity Interest, representing 21.83% of the registered share capital of Tianjin Tianduan (after the Capital Increase), subject to the terms and conditions of the Agreement.

## **THE AGREEMENT**

### **Date**

11 October 2011

### **Parties**

- (1) Tianjin Tai Kang, a non wholly-owned subsidiary of the Company;
- (2) Tianjin Benefo; and
- (3) Mr. Wu.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, Mr. Wu is a third party independent of the Company and connected persons of the Company.

### **Information on Tianjin Tianduan**

Tianjin Tianduan is a company incorporated in the PRC with limited liability. Before the Capital Increase, it has a registered capital of RMB18,830,000 (equivalent to approximately HK\$23,045,000) of which 78.45% is owned by Tianjin Benefo and 21.55% by Mr. Wu. Tianjin Tianduan is principally engaged in the manufacture and sale of presses and mechanical equipment, repair, installation, research and provision of consultation services of presses and wholesale and retail of accessories of presses.

In accordance with the Hong Kong Financial Reporting Standards, the profits before and after taxation of Tianjin Tianduan for the financial years ended 31 December 2010 and 2009 are set out in the following table:

	<b>For the year ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>RMB</b>	<b>RMB</b>
Profits before taxation	17,780,000	4,029,000
Profits after taxation	16,728,000	5,801,000

The value of the entire interest of Tianjin Tianduan before the Capital Increase as valued by Vigers Appraisal & Consulting Limited, an independent valuer, as at 4 October 2011 was approximately RMB231,559,000 (equivalent to approximately HK\$283,398,000).

## **Consideration and Capital Increase**

Pursuant to the Agreement, the Parties have agreed to inject an aggregate amount of approximately RMB389,016,000 (equivalent to approximately HK\$476,105,000), amongst which Tianjin Tai Kang and Mr. Wu agree to inject a cash amount of RMB135,000,000 (equivalent to approximately HK\$165,222,000) and approximately RMB83,833,000 (equivalent to approximately HK\$102,601,000) respectively and Tianjin Benefo agrees to inject land and properties with an valuated aggregate amount of approximately RMB170,183,000 (equivalent to approximately HK\$208,282,000).

Tianjin Benefo shall apply for the transfer of land and properties as capital injection within 3 days from the Effective Date and, within 5 days after completion of such transfer, each of Tianjin Tai Kang and Mr. Wu shall pay his respective share of the Capital Increase in cash to Tianjin Tianduan pursuant to the Agreement.

The Consideration is determined after arm's length negotiations between the Parties and taking into account various factors, including but not limited to the valuation value of the Equity Interest. The Consideration will be financed by the internal resources of Tianjin Tai Kang.

After the Capital Increase, the registered share capital of Tianjin Tianduan will be increased from RMB18,830,000 (equivalent to approximately HK\$23,045,000) to approximately RMB50,776,000 (equivalent to approximately HK\$62,143,000) with the remaining amount of approximately RMB357,070,000 (equivalent to approximately HK\$437,007,000) being the capital reserve of Tianjin Tianduan. Tianjin Tai Kang, Tianjin Benefo and Mr. Wu will hold 21.83%, 56.62% and 21.55% of the registered share capital of Tianjin Tianduan respectively after the Capital Increase.

## **Conditions and Completion**

Completion of the Acquisition shall be conditional upon the following unless otherwise waived by written consent of the Parties:

- (1) the valuation of the land and properties of Tianjin Benefo as its capital injection into Tianjin Tianduan has been completed and approved by Tianjin SASAC;
- (2) the valuation of the equity value of Tianjin Tianduan has been completed and approved by Tianjin SASAC;
- (3) Tianjin SASAC (or other regulatory units authorized by Tianjin SASAC) has approved the Capital Increase;
- (4) other relevant PRC government authorities have approved the Capital Increase (if required); and
- (5) the approvals of the Board and/or the Shareholders have been obtained (if required).

If the Capital Increase is not completed within 6 months from the Effective Date, the Agreement shall be terminated and the Parties shall not be required to inject any capital into Tianjin Tianduan pursuant to the Agreement.

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

With the rapid development of various industries in the PRC including aerospace, aviation and shipping and the key focus of the PRC government on the research of high-end CNC machine tools, the demand for all kinds of hydraulic presses, in particular the heavy numerically controlled hydraulic presses, is expected to continue to rise and the existing capacity of Tianjin Tianduan is unable to meet the increasing market demand. A continuing growth in the export of Tianjin Tianduan's products to overseas markets is also expected. Therefore it is sought to improve the level of capital and production capacity of Tianjin Tianduan by joining up with Tianjin Tai Kang as a strategic shareholder to accelerate the production of heavy numerically controlled hydraulic presses.

The Board considers that the Acquisition is part of the Group's strategy to further invest in the electrical and mechanical industry in the PRC. The injection of the land and properties by Tianjin Benefo into Tianjin Tianduan will be a solid foundation for the long term development of Tianjin Tianduan. By acquiring the Equity Interest, the Company will further benefit from the operations of Tianjin Tianduan and the Board believes that the Acquisition would create synergistic benefits and bring sustainable return to the Company in the long run.

The Directors (the independent non-executive Directors' views will be given after taking into account the advice from the independent financial adviser) consider that the terms of the Acquisition 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) utility operations including supply of water, electricity and heat and thermal power; (ii) hotel operations; and (iii) strategic and other investments including investments in the production and sale of winery products, and elevators and escalators and provision of port services in Tianjin.

The principal activities of Tianjin Benefo are manufacturing mechanic and electrical appliances, heavy duty plants and machineries, high-end machine tools and providing related services.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Tianjin Benefo is currently holding 17.26% equity interest in Tianjin Tai Kang and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition also constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Under Rule 14A.43 of the Listing Rules, independent Shareholders' approval for the Acquisition may be obtained by written independent Shareholders' approval without the need of convening a general meeting if (i) no independent Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (ii) written approval has been obtained from one or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company having the right to attend and vote at general meetings.

As at the date of this announcement, Tsinlien, a substantial independent Shareholder directly and indirectly holding 583,461,143 shares of the Company (representing approximately 54.66% of the entire issued share capital of the Company), has given its written approval for the Acquisition pursuant to Rule 14A.43 of the Listing Rules. The Company will seek confirmation from the Stock Exchange that independent Shareholders' approval for the Acquisition may be obtained by means of written approval from Tsinlien.

The Independent Board Committee has been formed to advise the independent Shareholders on whether the Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole. An independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the independent Shareholders regarding the Agreement and the transaction contemplated thereunder.

A circular containing, inter alia, details of (i) the terms of the Agreement; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the independent Shareholders; and (iii) the recommendation of the Independent Board Committee to the independent Shareholders in respect of the Agreement will be despatched to the Shareholders on or about 28 October 2011.

## **DEFINITIONS**

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

“Acquisition”	acquisition of the Equity Interest by Tianjin Tai Kang through injection of the Consideration into Tianjin Tianduan pursuant to the Agreement
“Agreement”	the capital injection agreement between Tianjin Tai Kang, Tianjin Benefo and Mr. Wu dated 11 October 2011 in relation to the Acquisition
“Board”	the board of Directors
“Capital Increase”	the capital injection from the Parties into Tianjin Tianduan in an aggregate amount of approximately RMB389,016,000 (equivalent to approximately HK\$476,105,000) pursuant to the terms of the Agreement

“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(s)”,	has the meaning ascribed to it in the Listing Rules
“Consideration”	the cash amount of RMB135,000,000 (equivalent to approximately HK\$165,222,000) to be provided by Tianjin Tai Kang in relation to the Capital Increase pursuant to the Agreement
“Directors”	the directors of the Company
“Effective Date”	the date on which the Agreement shall be effective, being the first date when all conditions under the section “Conditions and Completion” in this announcement are fulfilled
“Equity Interest”	21.83% of the registered share capital of Tianjin Tianduan after the Capital Increase
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors, which has been established to advise the independent Shareholders on the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Wu Ri, a PRC citizen holding 21.55% of the registered share capital of Tianjin Tianduan before the Capital Increase
“Parties”	the parties to the Agreement, namely Tianjin Tai Kang, Tianjin Benefo and Mr. Wu
“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
“Shareholders”	the shareholders of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Tianjin SASAC”	State-owned Assets Supervision and Administration Commission of Tianjin Municipal People’s Government
“Tianjin Tai Kang”	Tianjin Tai Kang Industrial Co., Ltd. (天津泰康實業有限公司), a company incorporated in the PRC with limited liability, 82.74% of which is held by the Company
“Tianjin Tianduan”	Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司), a company incorporated in the PRC with limited liability
“Tianjin Benefo”	Tianjin Benefo Machinery & Electric Holding Co., Ltd. (天津百利機電控股集團有限公司), a company incorporated in the PRC with limited liability holding 78.45% of the registered share capital of Tianjin Tianduan before the Capital Increase
“Tsinlien”	Tsinlien Group Company Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company directly and indirectly holding approximately 54.66% of the issued share capital of the Company
“%”	per cent.

*In this announcement, RMB has been translated to HK\$ at the rate of RMB0.81708 = HK\$1.00 for illustration purpose. 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, 11 October 2011

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

\* *non-executive Director*

\*\* *independent non-executive Director*