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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)

CONNECTED TRANSACTION

On 30 December 2009, Tai Kang, a 82.74% owned subsidiary of the Company, and Benefo entered into the Capital Injection Agreement pursuant to which the registered capital of Bai Li Equipment will be increased from approximately RMB83,184,000 (equivalent to approximately HK\$94,527,000) to approximately RMB151,184,000 (equivalent to approximately HK\$171,800,000) in proportion to the respective shareholding of Tai Kang and Benefo in Bai Li Equipment.

The Directors, including the independent non-executive Directors, considered that the Capital Injection Agreement is on normal commercial terms and was entered into in the ordinary and usual course of business and the terms thereof were fair and reasonable and were in the best interests of the Company and its shareholders as a whole.

Machinery & Electric Group holds 17.26% interest in Tai Kang, a non wholly-owned subsidiary of the Company. Therefore, Machinery & Electric Group is a connected person of the Company. As Benefo is an indirect non-wholly owned subsidiary of Machinery & Electric Group, Benefo is a connected person of the Company. Accordingly, the Capital Injection Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratio is more than 0.1% but less than 2.5%, the connected transaction is only subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the Capital Injection will be included in the next published annual report and accounts of the Company.

INTRODUCTION

The Board is pleased to announce that on 30 December 2009, Tai Kang and Benefo entered into the Capital Injection Agreement.

CAPITAL INJECTION AGREEMENT

Date

30 December 2009

Parties involved

- (1) Tai Kang, being a shareholder of Bai Li Equipment, is a 82.74% owned subsidiary of the Company with the remaining 17.26% interest owned by Machinery & Electric Group, a connected person of the Company; and
- (2) Benefo is a non wholly-owned subsidiary of Machinery & Electric Group, a connected person of the Company.

Capital Injection

Pursuant to the Capital Injection Agreement, each of Tai Kang and Benefo, agreed that the registered capital of Bai Li Equipment be increased from approximately RMB83,184,000 (equivalent to approximately HK\$94,527,000) to approximately RMB151,184,000 (equivalent to approximately HK\$171,800,000) by injection of the followings:-

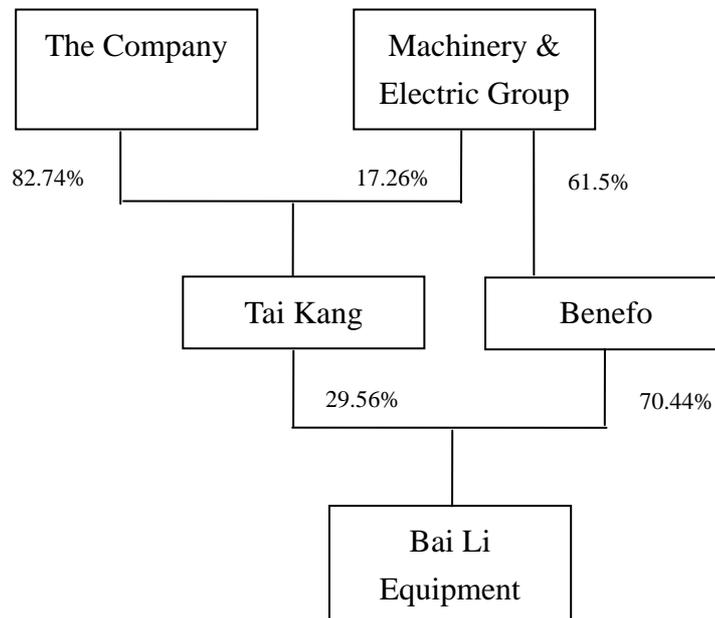
- (1) Tai Kang will pay the consideration of approximately RMB20,101,000 (equivalent to approximately HK\$22,842,000) in cash within 60 days from the date of execution of the Capital Injection Agreement; and
- (2) Benefo will pay the consideration of approximately RMB47,899,000 (equivalent to approximately HK\$54,431,000) in assets (the valuation of which is to be determined by reference to the assessed value as appraised by an independent valuer) or in cash within 60 days from the date of execution of the Capital Injection Agreement.

The following table shows the percentage interest in the registered capital of Bai Li Equipment before and after Completion:-

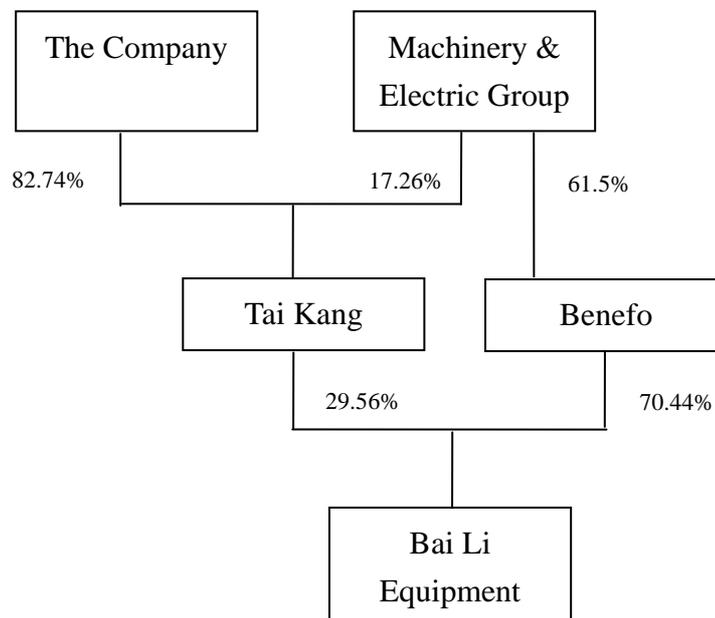
Shareholders	Existing registered capital prior to Completion		Capital Injection RMB'000	Registered capital after Completion	
	RMB'000	Approximate %		RMB'000	Approximate %
Tai Kang	24,587	29.56	20,101	44,688	29.56
Benefo	<u>58,597</u>	<u>70.44</u>	<u>47,899</u>	<u>106,496</u>	<u>70.44</u>
Total:	<u>83,184</u>	<u>100</u>	<u>68,000</u>	<u>151,184</u>	<u>100</u>

The following corporate charts illustrate the respective approximate shareholdings of Bai Li Equipment before Completion and immediately after Completion:-

Before Completion:-



Immediately after Completion:-



There is no further capital injection obligation for Tai Kang under the Capital Injection Agreement.

Consideration for the Capital Injection

The Capital Injection is in proportion to the shareholdings of Bai Li Equipment and the

consideration for the Capital Injection has been arrived at after arm's length negotiations between the parties involved. The Directors (including the independent non-executive Directors) considered that the Capital Injection Agreement is on normal commercial terms and was entered into in the ordinary and usual course of business and the terms thereof were fair and reasonable and were in the best interests of the Company and its shareholders as a whole. The consideration will be settled in cash by Tai Kang within 60 days after execution of the Capital Injection Agreement and shall be satisfied by the internal resources of Tai Kang.

Conditions

Completion of the Capital Injection Agreement is conditional upon the approval by the shareholders in the general meeting of Benefo.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INJECTION AGREEMENT

The Capital Injection aims at supporting Bai Li Equipment in the development of Gas-Insulated Metal Enclosed Switchgear ("GIS") project. Products of this project are easy to install, viable in extremely harsh conditions and reliable and only minimal maintenance is needed. They are the best choice for the construction of high voltage electricity distribution stations in urban areas and hydro electricity stations as well as the establishment of high voltage and ultra high voltage electricity transformer stations in soiled, humid, hot, high altitude and freezing environments. With the development of the electricity industry, the usage and the popularity of GIS will be increasing. The Board believes that, with the success of the Capital Injection, the development and progress of the GIS project will be expedited, thus enhancing the performance of Bai Li Equipment.

INFORMATION ON THE RELEVANT PARTIES

Information on the Company

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

Information on Machinery & Electric Group

The principal activities of Machinery & Electric Group are operation of state-owned assets under authorizations, manufacturing of mechanic and electric products, wholesaling and retailing of various merchandise and materials and warehousing; whereas its branches are permitted to be engaged in electronic information, mechanic and electric integration, new energy and energy saving, environmental technology and labour protection, technological development of new building materials, consultancy, services, transfer, and advertising, provided that those subject to licensing and franchising regulations of the state shall be operated as required.

Information on Tai Kang

Tai Kang is an investment holding company principally engaged in the business of manufacture, sale, installation, maintenance, transformation, technological development and after sale service of machinery and equipments through its joint ventures. As at the date of this announcement, the Company and Machinery & Electric Group hold approximately 82.74% and 17.26% equity interests in Tai Kang respectively.

Information on Benefo

Benefo was incorporated in the PRC on 23 September 1999 and has been listed on the Shanghai Stock Exchange since 15 June 2001. Benefo is principally engaged in the development and manufacture of low pressure electrical appliances components, electric transmission and power distribution facilities sets.

Information on Bai Li Equipment

Bai Li Equipment was established in Tianjin, the PRC on 27 November 2002. It is principally engaged in the production, sales, installation, processing, maintenance, repairing and exporting of high voltage and low voltage electrical facilities and high voltage electrical components.

Based on the financial statements of Bai Li Equipment, which were prepared in accordance with accounting principles generally accepted in the PRC, the audited consolidated net asset value and the audited consolidated loss before and after taxation for the years ended 31 December 2007 and 2008 are set out in the following table:-

	For the year ended 31 December	
	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	59,026	83,113
Loss before taxation	4,795	6,649
Loss after taxation	5,324	6,561

LISTING RULES IMPLICATION

Machinery & Electric Group holds 17.26% interest in Tai Kang, a non wholly-owned subsidiary of the Company. Therefore, Machinery & Electric Group is a connected person of the Company. As Benefo is an indirect non-wholly owned subsidiary of Machinery & Electric Group, Benefo is a connected person of the Company. Accordingly, the Capital Injection Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratio is more than 0.1% but less than 2.5%, the connected transaction is only subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the Capital Injection will be included in the next published annual report and accounts of the Company.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Benefo”	天津百利特精電氣股份有限公司 (Tianjin Benefo Tejing Electric Co., Ltd.*), a company incorporated in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600468)
“Bai Li Equipment”	天津市百利開關設備有限公司 (Tianjin Bai Li Equipment Company Limited*), a jointly-controlled entity of the Company established in the PRC in which the Company indirectly holds 24.46% effective equity interest
“Board”	the board of Directors
“Capital Injection”	the aggregate capital injection in the sum of RMB68,000,000 (equivalent to approximately HK\$77,273,000) made by Tai Kang and Benefo in cash and/or in assets
“Capital Injection Agreement”	the capital injection agreement dated 30 December 2009 relating to the Capital Injection entered into between Tai Kang and Benefo
“Company”	Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Capital Injection in accordance with the terms of the Capital Injection Agreement
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machinery & Electric Group”	天津百利機電控股集團有限公司 (Tianjin BENEFO Machinery & Electric Holding Group Ltd.*) (formerly known as 天津市機電工業控股集團公司 (Tianjin Machinery & Electric Industry Holding Group Company*)), a company incorporated in the PRC, which is a connected person of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Taiwan, Hong Kong and the Macao Special Administrative Region of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tai Kang”	天津泰康實業有限公司 (Tianjin Tai Kang Industrial Co., Ltd.*), a sino-foreign joint venture incorporated in the PRC, which is 82.74% and 17.26% held by the Company and Machinery & Electric Group respectively
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 30 December 2009

As at the date of this announcement, the Board 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 and Mr. Wang Zhiyong as executive directors; Mr. Cheung Wing Yui and Dr. Chan Ching Har, Eliza as non-executive directors; and Mr. Kwong Che Keung, Gordon, Dr. Cheng Hon Kwan and Mr. Mak Kwai Wing as independent non-executive directors.

Unless otherwise stated, amount in RMB has been translated into HK\$ at exchange rate of HK\$1.00 to RMB0.88 for illustration purposes only. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

** For identification purpose only*