

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



天津港發展控股有限公司
Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3382)



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)

**JOINT ANNOUNCEMENT
CONNECTED TRANSACTIONS
RELATING TO PROJECT CONSULTING AGREEMENT,
PROJECT MANAGEMENT AGREEMENT, LOW VOLTAGE
ELECTRICITY SYSTEM PURCHASE AGREEMENT AND
ELECTRICITY DISTRIBUTION
SYSTEM PURCHASE AGREEMENT**

Project Consulting Agreement

Haifeng Logistics, a jointly controlled entity of Tianjin Port which is deemed to be a subsidiary of Tianjin Port under the Listing Rules by the Stock Exchange, entered into the Project Consulting Agreement on 16 July 2008 with Tianjin Port Project Consulting, a wholly-owned subsidiary of Tianjin Port Group, relating to the consulting service of the logistics warehouse construction project situated in Tianjin Dongjiang Bonded Port Area for a cash consideration of RMB2,200,000 (equivalent to approximately HK\$2,503,000). The basis of consideration for the transaction has been arrived at after arm's length negotiations between the parties involved with reference to applicable PRC State prescribed prices.

Project Management Agreement

Haifeng Logistics entered into the Project Management Agreement on 16 July 2008 with Tianjin Port Construction, a wholly-owned subsidiary of Tianjin Port Group, relating to the project management service, which mainly includes project coordination, progress monitoring and completion verification services, provided by Tianjin Port Construction in relation to the logistics warehouse construction project situated in Tianjin Dongjiang Bonded Port Area for a cash consideration of approximately RMB5,117,000 (equivalent to approximately HK\$5,822,000). The basis of consideration for the transaction has been arrived at after arm's length negotiations between the parties involved with reference to applicable PRC State prescribed prices.

Low Voltage Electricity System Purchase Agreement

Haifeng Logistics entered into the Low Voltage Electricity System Purchase Agreement on 16 July 2008 with Tianjin Port Communication, a wholly-owned subsidiary of Tianjin Port Group, relating to the purchase, material supply, installation and testing of low voltage electricity system in relation to the logistics warehouse construction project situated in Tianjin Dongjiang Bonded Port Area for a cash consideration of approximately RMB2,998,000 (equivalent to approximately HK\$3,411,000). The basis of consideration for the transaction has been arrived at after arm's length negotiations between the parties involved with reference to design and quotation of independent parties.

Electricity Distribution System Purchase Agreement

Haifeng Logistics entered into the Electricity Distribution System Purchase Agreement on 16 July 2008 with Tianjin Port Electricity, a wholly-owned subsidiary of Tianjin Port Group, relating to the supply of electricity distribution system and the respective installation and testing services by Tianjin Port Electricity for a cash consideration of approximately RMB16,016,000 (equivalent to approximately HK\$18,221,000). The basis of consideration for the transaction has been arrived at after arm's length negotiations between the parties involved with reference to design and quotation of independent parties.

LISTING RULES IMPLICATIONS

As the Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules, at the time of listing of Tianjin Port in 2006, to deem Tianjin Port Group and its associates as connected persons of Tianjin Development and Tianjin Port, the entering into of the Project Consulting Agreement, the Project Management Agreement, the Low Voltage Electricity System Purchase Agreement and the Electricity Distribution System Purchase Agreement by Haifeng Logistics, being a jointly controlled entity of Tianjin Port which is deemed to be a subsidiary of Tianjin Port under the Listing Rules by the Stock Exchange, constitute connected transactions for each of Tianjin Development and Tianjin Port under Chapter 14A of the Listing Rules. Accordingly, each of Tianjin Development and Tianjin Port is required to comply with the reporting and announcement requirements under Rule 14A.32 of the Listing Rules. As none of the applicable percentage ratios exceed 2.5% for all of the above transactions, no independent shareholders' approval is required under the Listing Rules. Details of the Project Consulting Agreement, the Project Management Agreement, the Low Voltage Electricity System Purchase Agreement and the Electricity Distribution System Purchase Agreement will be included in the next published annual report and accounts of Tianjin Development and Tianjin Port.

CONNECTED TRANSACTIONS

Project Consulting Agreement dated 16 July 2008

The parties

- (1) Haifeng Logistics
- (2) Tianjin Port Project Consulting

Obligations of Tianjin Port Project Consulting

To be responsible for project consulting works, which includes mainly general project consultation, quality control, progress control, safety control and contracts administration, in relation to the construction work of logistics warehouse of Haifeng Logistics situated in Tianjin Dongjiang Bonded Port Area.

Consideration for the Project Consulting Agreement

The consideration for the Project Consulting Agreement is RMB2,200,000 (equivalent to approximately HK\$2,503,000) and shall be payable in cash in RMB by Haifeng Logistics to Tianjin Port Project Consulting and the consideration shall be paid according to the following schedule:

- (1) 30% be paid upon signing of the Project Consulting Agreement;
- (2) 30% be paid upon completion of 60% of the project;
- (3) 30% be paid upon completion of 90% of the project; and
- (4) the remaining 10% be paid within 1 week after the completion of the project and upon satisfactory inspection.

The basis of consideration for the transaction has been arrived at after arm's length negotiations between the parties involved with reference to PRC State prescribed prices.

Reasons for and benefits of the entering into of the Project Consulting Agreement

Tianjin Port Board is of the view that Tianjin Port Project Consulting is one of the largest service providers of this kind in the Tianjin port area and Tianjin Port Project Consulting also participated in project consulting works of many terminal and building, including warehouse, construction projects in the Tianjin port area in the past and, therefore, the Tianjin Port Board considers that Haifeng Logistics will be able to benefit from their expertise and resources in this area and be able to reduce the cost of the project as a whole.

Project Management Agreement dated 16 July 2008

The parties

- (1) Haifeng Logistics
- (2) Tianjin Port Construction

Obligations of Tianjin Port Construction

To be responsible for the project management works in general, and also includes coordination of various contracting parties, progress reporting, advice on facilities purchase and completion verification in relation to the warehouse construction project of Haifeng Logistics situated in Tianjin Dongjiang Bonded Port Area.

Consideration for the Project Management Agreement

The consideration for the Project Management Agreement is approximately RMB5,117,000 (equivalent to approximately HK\$5,822,000) and shall be payable in cash in RMB by Haifeng Logistics to Tianjin Port Construction and the consideration shall be paid according to the following schedule:

- (1) 40% be paid within 1 week after the completion of 50% of the project;
- (2) 40% be paid within 1 week after the completion of the project;

- (3) 10% be paid after the inspection of the project; and
- (4) the remaining 10% be paid within 1 week after the completion of the audit of the project and the handover of the project completion information and the construction to Haifeng Logistics.

The basis of consideration for the transaction has been arrived at after arm's length negotiations between the parties involved with reference to PRC State prescribed prices.

Reasons for and benefits of the entering into of the Project Management Agreement

Tianjin Port Board is of the view that Tianjin Port Construction is one of the largest service providers of this kind in the Tianjin port area and Tianjin Port Construction also participated in project management works of many terminal and building, including warehouse, construction projects in the Tianjin port area in the past and, therefore, the Tianjin Port Board considers Haifeng Logistics will be able to benefit from their expertise and resources in this area and be able to reduce the cost of the project as a whole.

Low Voltage Electricity System Purchase Agreement dated 16 July 2008

The parties

- (1) Haifeng Logistics
- (2) Tianjin Port Communication

Obligations of Tianjin Port Communication

To be responsible for the purchase of the facilities according to the specifications in the Low Voltage Electricity System Purchase Agreement, the material supply and the relevant installation and testing in relation to the low voltage electricity system for a warehouse construction project of Haifeng Logistics situated in Tianjin Dongjiang Bonded Port Area.

Consideration for the Low Voltage Electricity System Purchase Agreement

The consideration for the Low Voltage Electricity System Purchase Agreement is approximately RMB2,998,000 (equivalent to approximately HK\$3,411,000) and shall be payable in cash in RMB by Haifeng Logistics to Tianjin Port Communication and the consideration shall be paid according to the following schedule:

- (1) 45% be paid within 15 days upon delivery of the system;
- (2) 45% be paid within 15 days upon satisfactory installation, testing and operation of the system; and
- (3) the remaining 10% be paid within 15 days after the expiration of the quality guarantee period.

The basis of consideration for the transaction has been arrived at after arm's length negotiations between the parties involved with reference to design and quotation of independent vendors.

Reasons for and benefits of the entering into of the Low Voltage Electricity System Purchase Agreement

Tianjin Port Board is of the view that Tianjin Port Communication is a long established company in the Tianjin port area focusing on design, installation and maintenance of low voltage electricity system for communication and is currently one of the largest vendors of this kind in the area. In addition, Tianjin Port Communication is very experienced in servicing port logistics business. The design and proposal forwarded by Tianjin Port Communication are also considered by the Tianjin Port Board to be the most appropriate design among other vendors. The Tianjin Port Board is of the opinion that Haifeng Logistics will be able to benefit from the expertise and resources of Tianjin Port Communication and be able to reduce the cost as a whole.

Electricity Distribution System Purchase Agreement dated 16 July 2008

The parties

- (1) Haifeng Logistics
- (2) Tianjin Port Electricity

Obligations of Tianjin Port Electricity

To be responsible for the purchase of the facilities according to the specifications in the Electricity Distribution System Purchase Agreement, the material supply and the relevant installation and testing in relation to the electricity distribution system for a warehouse construction project of Haifeng Logistics situated in Tianjin Dongjiang Bonded Port Area.

Consideration for the Electricity Distribution System Purchase Agreement

The consideration for the Electricity Distribution System Purchase Agreement is approximately RMB16,016,000 (equivalent to approximately HK\$18,221,000) and shall be payable in cash in RMB by Haifeng Logistics to Tianjin Port Electricity and the consideration shall be paid according to the following schedule:

- (1) 10% be paid within 15 days after the effective date of the Electricity Distribution System Purchase Agreement;
- (2) 50% be paid within 15 days after the delivery of the facilities;
- (3) 30% be paid within 15 days after the completion and inspection of the operation electricity facilities system; and
- (4) the remaining 10% be paid upon the expiration of the quality guarantee period.

The basis of consideration for the transaction has been arrived at after arm's length negotiations between the parties involved with reference to design and quotation of independent vendors.

Reasons for and benefits of the entering into of the Electricity Distribution System Purchase Agreement

Tianjin Port Board is of the view that Tianjin Port Electricity is a long established company in the Tianjin port area focusing on design, installation and maintenance of electricity distribution system and is currently one of the largest vendors of this kind in the area. In addition, Tianjin Port Electricity is very experienced in servicing port logistics business. The design and proposal forwarded by Tianjin Port Electricity are also considered to be the most appropriate design for the project among other vendors. The Tianjin Port Board is of the opinion that Haifeng Logistics will be able to benefit from the expertise and resources of Tianjin Port Electricity and be able to reduce the cost as a whole.

LISTING RULES IMPLICATIONS

As the Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules, at the time of listing of Tianjin Port in 2006, to deem Tianjin Port Group and its associates as connected persons of Tianjin Development and Tianjin Port, the entering into of the Project Consulting Agreement, the Project Management Agreement, the Low Voltage Electricity System Purchase Agreement and the Electricity Distribution System Purchase Agreement by Haifeng Logistics, being a jointly controlled entity of Tianjin Port which is deemed to be a subsidiary of Tianjin Port under the Listing Rules by the Stock Exchange, constitute connected transactions for each of Tianjin Development and Tianjin Port under Chapter 14A of the Listing Rules. Accordingly, each of Tianjin Development and Tianjin Port is required to comply with the reporting and announcement requirements under Rule 14A.32 of the Listing Rules. As none of the applicable percentage ratios exceed 2.5% for all of the above transactions, no independent shareholders' approval is required under the Listing Rules. Details of the Project Consulting Agreement, the Project Management Agreement, the Low Voltage Electricity System Purchase Agreement and the Electricity Distribution System Purchase Agreement will be included in the next published annual report and accounts of Tianjin Development and Tianjin Port.

REQUIREMENTS UNDER THE LISTING RULES

The respective Tianjin Development Board and Tianjin Port Board (including the independent non-executive directors of the respective Tianjin Development Board and Tianjin Port Board) consider that the Project Consulting Agreement, the Project Management Agreement, the Low Voltage Electricity System Purchase Agreement and the Electricity Distribution System Purchase Agreement are on normal commercial terms and are fair and reasonable and are entered into in the usual and ordinary course of business of the Group and that the entering into of the Project Consulting Agreement, the Project Management Agreement, the Low Voltage Electricity System Purchase Agreement and the Electricity Distribution System Purchase Agreement are in the interests of Tianjin Development, Tianjin Port and their respective shareholders as a whole.

GENERAL

The Group is principally engaged in the provision of ports services including the loading and unloading of containerised and non-containerised cargoes from shipping vessels, the stacking and warehousing of containers and cargoes, as well as various ancillary services in Tianjin, the PRC.

The principal operations of Tianjin Development and its subsidiaries (excluding the Group) and its associated companies can be categorised into three sectors, namely, (i) infrastructure operations; (ii) utilities operations and (iii) strategic and other investments. Infrastructure operations consist of toll road operations; utilities operations consist of supply of water, electricity, heat and thermal power; and strategic and other investments include investments in the production, sale and distribution of winery products, gas fuel operations, elevator and escalator operations and income-producing hotels and hospitality-related properties.

The principal business of Haifeng Logistics includes the construction, development, operation, letting, sale and management of logistics warehouse and the relevant goods storage services.

The principal business of Tianjin Port Project Consulting includes project management and consultation in relation to large, medium and small scale water project.

The principal business of Tianjin Port Construction includes coordination, management of port construction project, supply of resources, facilities, labour services for port construction project, consultation service for port construction related tender project.

The principal business of Tianjin Port Communication includes technical consultation for communication system project including design, installation and maintenance of low voltage electricity system.

The principal business of Tianjin Port Electricity includes design, installation and maintenance of electricity distribution system.

Tianjin Port Group is the holding company of the businesses owned and operated by the former Tianjin Port Authority.

DEFINITIONS

| | |
|--|---|
| “associate” | has the meaning given to it under the Listing Rules |
| “connected person” | has the meaning given to it under the Listing Rules |
| “Electricity Distribution System Purchase Agreement” | the facilities purchase, supply and services agreement for electricity supply and distribution system (供配電系統設備採購供貨及服務合同) dated 16 July 2008 entered into between Haifeng Logistics and Tianjin Port Electricity |
| “Group” | Tianjin Port and its subsidiaries |
| “Haifeng Logistics” | 天津港海豐保稅物流有限公司 (Tianjin Port Haifeng Bonded Logistics Co., Ltd.*), a company incorporated in the PRC with limited liability and a jointly controlled entity of Tianjin Port which is deemed to be a subsidiary of Tianjin Port under the Listing Rules by the Stock Exchange |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

| | |
|---|---|
| “Low Voltage Electricity System Purchase Agreement” | the low voltage electricity system purchase agreement (弱電系統合同) dated 16 July 2008 entered into between Haifeng Logistics and Tianjin Port Communication |
| “PRC” | the People’s Republic of China |
| “Project Consulting Agreement” | the project consulting agreement (建設工程委託監理合同) dated 16 July 2008 entered into between Haifeng Logistics and Tianjin Port Project Consulting |
| “Project Management Agreement” | the project management agreement (委託代建合同) dated 16 July 2008 entered into between Haifeng Logistics and Tianjin Port Construction |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tianjin Development” | Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange and which is the indirect controlling shareholder of Tianjin Port |
| “Tianjin Development Board” | the board of directors of Tianjin Development |
| “Tianjin Port” | Tianjin Port Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange |
| “Tianjin Port Board” | the board of directors of Tianjin Port |
| “Tianjin Port Communication” | 天津振港通信工程有限公司 (Tianjin Port Communication Project Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Tianjin Port Group |
| “Tianjin Port Construction” | 天津港建設公司 (Tianjin Port Construction Company*), a company incorporated in the PRC and a wholly-owned subsidiary of Tianjin Port Group |
| “Tianjin Port Electricity” | 天津港灣電力工程有限公司 (Tianjin Port Electricity Project Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Tianjin Port Group |
| “Tianjin Port Group” | 天津港（集團）有限公司 (Tianjin Port (Group) Co., Ltd.*), an entity reorganised as a wholly state-owned company in the PRC on 29 July 2004 and the holding company of the businesses owned and operated by the former Tianjin Port Authority |

“Tianjin Port Project Consulting”

天津港工程監理諮詢有限公司(Tianjin Port Engineering Supervisory & Consultant Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Tianjin Port Group

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

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

Hong Kong, 16 July 2008

As at the date of this announcement, the Tianjin Port Board consists of Mr. Yu Rumin, Mr. Nie Jiansheng, Mr. Zhang Jinming, Mr. Xue Lingsen and Mr. Jiao Hongxun as executive directors; Mr. Wang Guanghao as non-executive director and Mr. Kwan Hung Sang, Francis, Professor Japhet Sebastian Law and Dr. Cheng Chi Pang, Leslie as independent non-executive directors.

As at the date of this announcement, the Tianjin Development Board consists of Mr. Yu Rumin, Mr. Wu Xuemin, Mr. Nie Jiansheng, Mr. Dai Yan, Mr. Hu Chengli, Dr. Wang Jiandong, Mr. Bai Zhisheng, Mr. Zhang Wenli, Mr. Sun Zengyin, Dr. Zong Guoying and Mr. Zheng Daoquan as executive directors; Mr. Cheung Wing Yui as non-executive director and Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan as independent non-executive directors.

Unless otherwise stated, amount in RMB has been translated into HK\$ at exchange rate of HK\$1.00 to RMB0.879 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