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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)

**VERY SUBSTANTIAL ACQUISITION, PROPOSED INCREASE IN
AUTHORISED SHARE CAPITAL, SPECIFIC MANDATE TO ISSUE NEW
SHARES AND CONNECTED TRANSACTION FOR
TIANJIN PORT DEVELOPMENT HOLDINGS LIMITED**

**DEEMED VERY SUBSTANTIAL DISPOSAL AND
CONNECTED TRANSACTION FOR
TIANJIN DEVELOPMENT HOLDINGS LIMITED**

AND

POTENTIAL CONTINUING CONNECTED TRANSACTIONS

Financial Advisers to Tianjin Port Development Holdings Limited



Morgan Stanley



THE PROPOSED TRANSACTION

On 16 March 2009, Tianjin Port Development, Grand Point and the Vendor entered into the Sale and Purchase Agreement, pursuant to which Tianjin Port Development, through its wholly-owned subsidiary Grand Point, conditionally agreed to acquire from the Vendor its 56.81% interest in the registered share capital of the Target for a total consideration of HK\$10,961 million.

The Consideration for the Proposed Acquisition shall initially be satisfied as to HK\$7,031 million by the issue of the Consideration Shares to the Vendor's wholly-owned subsidiary as directed by the Vendor and as to HK\$3,930 million by cash (subject to adjustment) payable to the Vendor's wholly-owned subsidiary as directed by the Vendor. The issue price of the Consideration Shares is HK\$2.0916 per Tianjin Port Development Share, being the volume-weighted average share price of Tianjin Port Development Shares as quoted on the Stock Exchange for the five Trading Days prior to (but not including) the date of the Sale and Purchase Agreement. Tianjin Port Development intends to finance the cash portion of the Consideration with internal resources, bank borrowings, proceeds from the issue of Tianjin Port Development Shares pursuant to a placing (if any), proceeds from the issue of convertible securities or other securities (if any) and/or other sources.

Upon Completion, Tianjin Port Development will, through its wholly-owned subsidiary Grand Point, become the controlling shareholder of the Target, and the Vendor will, through its wholly-owned subsidiary, become the controlling shareholder of Tianjin Port Development, with an interest of no less than 51% in the enlarged issued share capital of Tianjin Port Development. As a result of the Proposed Share Issue of up to 4,812.9 million Tianjin Port Development Shares, Tianjin Port Development will cease to be a subsidiary of Tianjin Development, and Tianjin Development will adopt equity accounting in respect of its interest in Tianjin Port Development.

The relevant percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Acquisition are over 100% for Tianjin Port Development. Further, at the time of the spin-off and listing of Tianjin Port Development on the Stock Exchange in May 2006, the Stock Exchange exercised its discretion under Rule 14A.06 of the Listing Rules to deem the Vendor and its associates as connected persons of Tianjin Port Development. Accordingly, the Proposed Transaction will constitute a very substantial acquisition and connected transaction for Tianjin Port Development, and will be subject to the approval of the Tianjin Port Development Independent Shareholders under the Listing Rules. In addition, Tianjin Port Development seeks to obtain a specific mandate from the Tianjin Port Development Independent Shareholders for the Proposed Share Issue of up to an aggregate of 4,812.9 million Tianjin Port Development Shares.

The Proposed Share Issue will constitute a deemed disposal for Tianjin Development, and the consideration ratio under Rule 14.07 of the Listing Rules for the Proposed Share Issue is over 75% for Tianjin Development. Further, at the time of the spin-off and listing of Tianjin Port Development on the Stock Exchange in May 2006, the Stock Exchange exercised its discretion under Rule 14A.06 of the Listing Rules to deem the Vendor and its associates as connected persons of Tianjin Development. Accordingly, the Proposed Transaction will constitute a deemed very substantial disposal and connected transaction for Tianjin Development, and will be subject to the approval of the Tianjin Development Independent Shareholders under the Listing Rules.

THE POTENTIAL CONTINUING CONNECTED TRANSACTIONS

The Target Group has historically been involved and will continue to be involved in transactions with the Vendor (or its associates). In particular, the Vendor has provided and will continue to provide financial services, and utilities and support services to the Target. The Target Group has entered, or may enter into, the Framework Agreement(s) with the Vendor (or its associates) in order to set out the basis upon which members of the Target Group will after Completion continue to engage in the transactions with the Vendor (or its associates) as part of the Target Group's business.

Immediately following Completion, the Vendor will be interested in not less than 51% of the enlarged issued share capital of Tianjin Port Development. As the Vendor is a connected person of Tianjin Port Development, and the Target Group will become part of the Tianjin Port Development Group upon Completion, transactions including those between the Vendor (or its associates) and the Target Group will constitute continuing connected transactions for the Tianjin Port Development Group. Accordingly, if any of the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the caps for the Potential Continuing Connected Transactions exceeds 2.5%, the Potential Continuing Connected Transactions and the Framework Agreement(s) will be subject to the approval of the Tianjin Port Development Independent Shareholders under the Listing Rules.

Appropriate announcement(s) will be made by Tianjin Port Development in relation to the Potential Continuing Connected Transactions and the terms of the Framework Agreement(s). The Framework Agreement(s) are expected to be subject to the approval of the Tianjin Port Development Independent Shareholders at the Tianjin Port Development EGM and details of the Framework Agreement(s) will be set out in the Circular in compliance with the requirements of the Listing Rules.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The authorised share capital of Tianjin Port Development is HK\$500,000,000, consisting of 5,000,000,000 Tianjin Port Development Shares of HK\$0.10 each, of which 1,787,100,000 Tianjin Port Development Shares are in issue as at the date of this announcement. The Tianjin Port Development Directors propose to increase the authorised share capital of Tianjin Port Development from HK\$500,000,000 to HK\$1,200,000,000, consisting of 12,000,000,000 Tianjin Port Development Shares of HK\$0.10 each.

GENERAL

A Circular containing, among others:

- (a) notice of the Tianjin Port Development EGM to seek approval by the Tianjin Port Development Independent Shareholders of the Proposed Transaction, the Framework Agreement(s) and to seek a specific mandate for the Proposed Share Issue of up to an aggregate of 4,812.9 million Tianjin Port Development Shares, and to seek the approval by the Tianjin Port Development Shareholders of the Proposed Increase in Authorised Share Capital;

- (b) notice of the Tianjin Development EGM to seek approval by the Tianjin Development Independent Shareholders of the Proposed Transaction;
- (c) further details of the Sale and Purchase Agreement and the Proposed Transaction, the Potential Continuing Connected Transactions and the Framework Agreement(s) (if applicable);
- (d) letter of advice from the independent financial adviser to the Tianjin Port Development Independent Board Committee and the Tianjin Port Development Independent Shareholders and letter of advice from the independent financial adviser to the Tianjin Development Independent Board Committee and the Tianjin Development Independent Shareholders; and
- (e) letter from the Tianjin Port Development Independent Board Committee to the Tianjin Port Development Independent Shareholders and letter from the Tianjin Development Independent Board Committee to the Tianjin Development Independent Shareholders,

will be despatched to the Tianjin Port Development Shareholders and Tianjin Development Shareholders as soon as practicable after this announcement.

Further announcement(s) will be made by Tianjin Port Development: (i) upon the entering into of the Framework Agreement(s) (if any); (ii) upon the issue of Tianjin Port Development Shares pursuant to a placing (if any); (iii) upon the issue of convertible securities or other securities by Tianjin Port Development (if any); and (iv) on other items relating to the Proposed Transaction (if any).

An application will also be made by Tianjin Port Development to the Stock Exchange for the listing of, and permission to deal in, the New Shares on the Stock Exchange.

Completion is subject to conditions that may or may not be fulfilled. Shareholders and potential investors of Tianjin Port Development and Tianjin Development should exercise caution in dealing in the securities of Tianjin Port Development and Tianjin Development.

Trading in the Tianjin Port Development Shares and Tianjin Development Shares on the Stock Exchange was suspended at the request of Tianjin Port Development and Tianjin Development respectively with effect from 9:30 a.m. on 16 March 2009 pending the release of this announcement. An application has been made by Tianjin Port Development and Tianjin Development for the resumption of trading in the Tianjin Port Development Shares and Tianjin Development Shares respectively on the Stock Exchange from 9:30 a.m. on 17 March 2009.

1. SUMMARY OF THE PROPOSED TRANSACTION

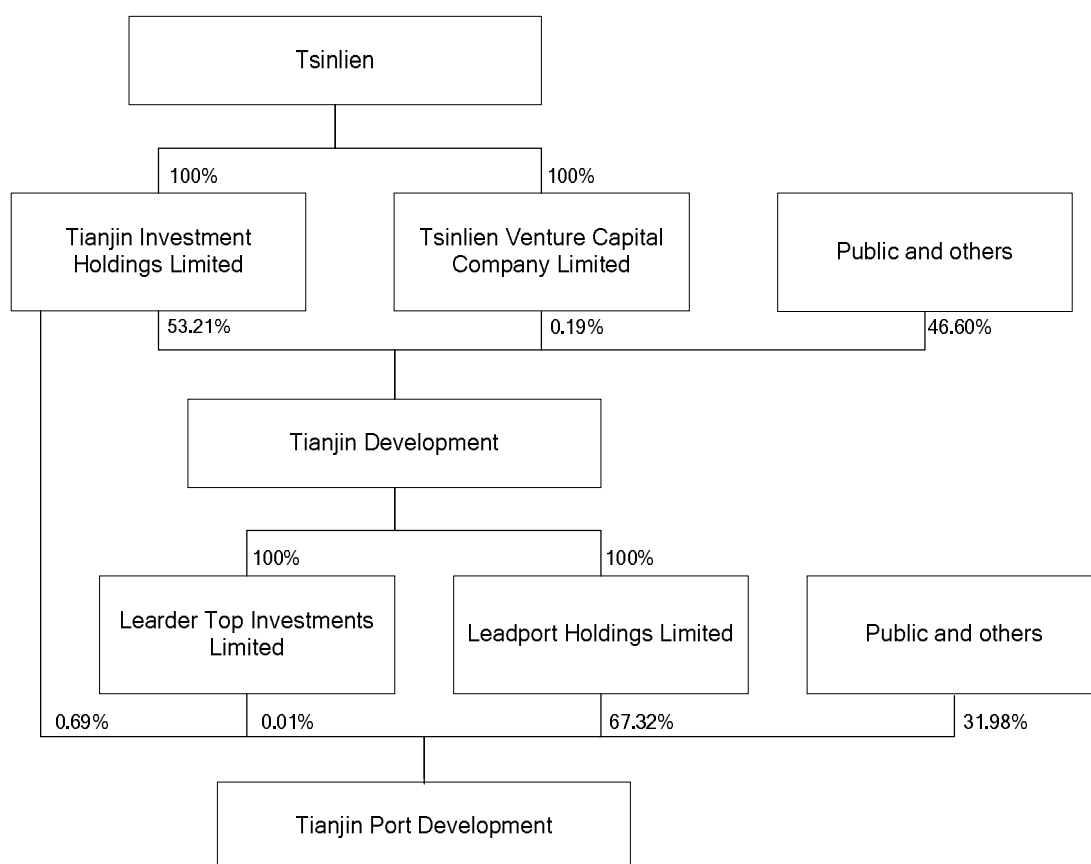
On 16 March 2009, Tianjin Port Development, Grand Point and the Vendor entered into the Sale and Purchase Agreement, pursuant to which Tianjin Port Development, through its wholly-owned subsidiary Grand Point, conditionally agreed to acquire from the Vendor its 56.81% interest in the registered share capital of the Target for a total consideration of HK\$10,961 million. The Consideration for the Proposed Acquisition shall be satisfied:

- (a) as to HK\$7,031 million by the issue of the Consideration Shares to the Vendor's wholly-owned subsidiary as directed by the Vendor; and
- (b) as to HK\$3,930 million by cash (subject to adjustment) payable to the Vendor's wholly-owned subsidiary as directed by the Vendor, which may be financed with internal resources, bank borrowings, proceeds from the issue of Tianjin Port Development Shares pursuant to a placing (if any), proceeds from the issue of convertible securities or other securities by Tianjin Port Development (if any), and/or other sources. The adjustment to the cash portion may be made by Tianjin Port Development based on market conditions between the date of the Sale and Purchase Agreement and Completion. The manner and specific amount of such adjustment are subject to further agreement to be made among Tianjin Port Development, Grand Point and the Vendor. In particular, if the parties agree that the cash portion of the Consideration is to be reduced, the shortfall may be satisfied by the issue of further Consideration Shares by Tianjin Port Development to the Vendor's wholly-owned subsidiary as directed by the Vendor or other means.

Upon Completion, Tianjin Port Development will, through its wholly-owned subsidiary Grand Point, become the controlling shareholder of the Target, and the Vendor will, through its wholly-owned subsidiary, become the controlling shareholder of Tianjin Port Development, with an interest of no less than 51% in the enlarged issued share capital of Tianjin Port Development. As a result of the Proposed Share Issue of up to 4,812.9 million Tianjin Port Development Shares, Tianjin Port Development will cease to be a subsidiary of Tianjin Development, and Tianjin Development will adopt equity accounting in respect of its interest in Tianjin Port Development.

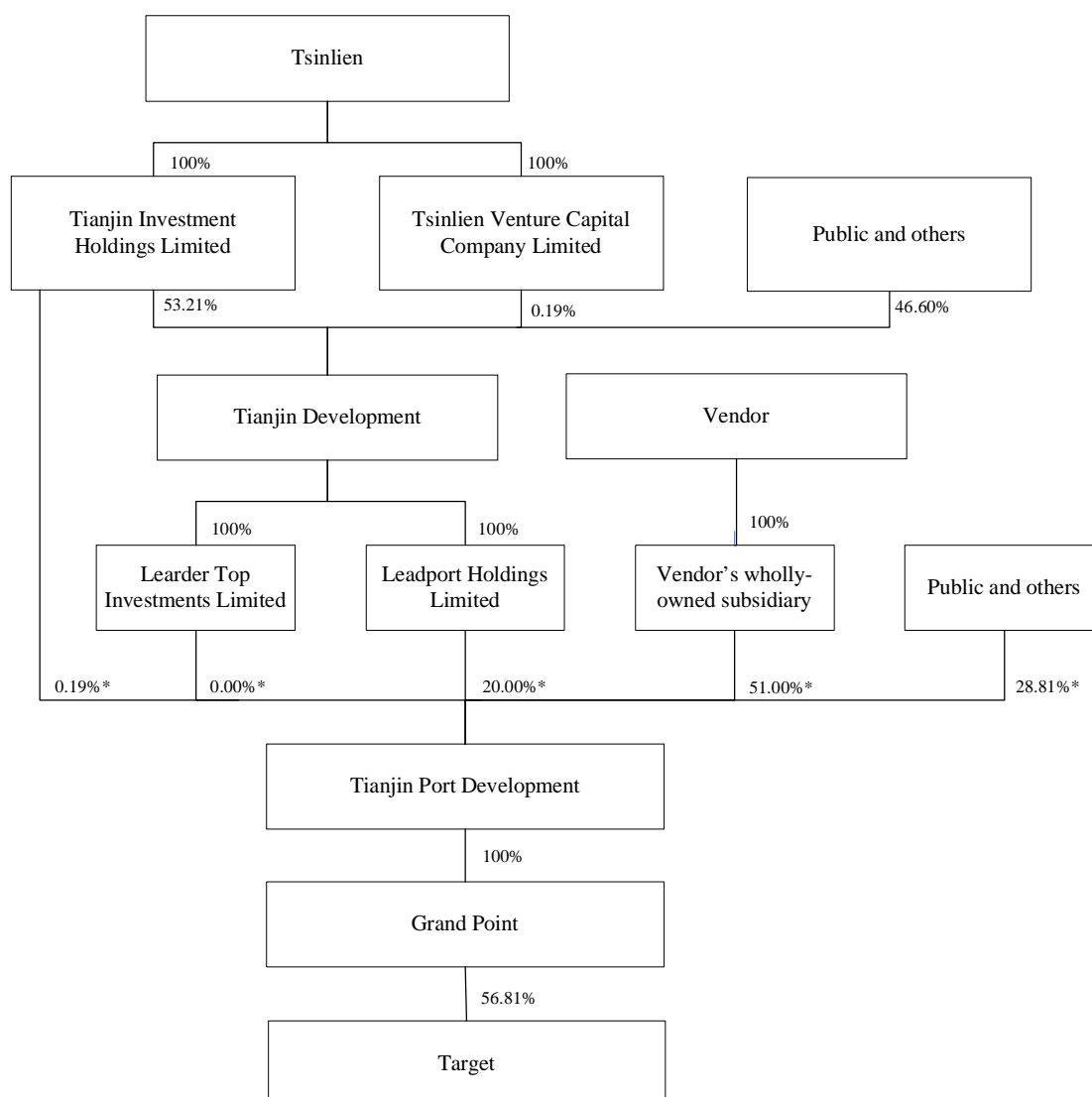
The following diagrams illustrate a simplified corporate and shareholding structure of Tianjin Port Development and Tianjin Development immediately before and following Completion.

As at the date of this announcement



Note: The shareholding percentages as shown in the above diagram are approximate figures rounded to the nearest two decimal places.

Immediately after Completion



Note:

1. The shareholding percentages in respect of the Proposed Transaction in the above diagram are stated for illustrative purposes, and are subject to final valuation and financing. The figures may not represent the actual figures at Completion.
2. The shareholding percentages as shown in the above diagram are approximate figures rounded to the nearest two decimal places.

Views of the Tianjin Port Development Directors and the Tianjin Development Directors

The Tianjin Port Development Directors (excluding members of the Tianjin Port Development Independent Board Committee, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) are of the view that the Proposed Transaction and the Sale and Purchase Agreement are fair and

reasonable and in the interests of the Tianjin Port Development Shareholders as a whole.

The Tianjin Development Directors (excluding members of the Tianjin Development Independent Board Committee, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) are of the view that the Proposed Transaction and the Sale and Purchase Agreement are fair and reasonable and in the interests of the Tianjin Development Shareholders as a whole.

Implications under the Listing Rules

The relevant percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Acquisition are over 100% for Tianjin Port Development. Further, at the time of the spin-off and listing of Tianjin Port Development on the Stock Exchange in May 2006, the Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules to deem the Vendor and its associates as connected persons of Tianjin Port Development. Accordingly, the Proposed Transaction will constitute a very substantial acquisition and connected transaction for Tianjin Port Development, and will be subject to the approval of the Tianjin Port Development Independent Shareholders under the Listing Rules. In addition, Tianjin Port Development seeks to obtain a specific mandate from the Tianjin Port Development Independent Shareholders for the Proposed Share Issue of up to an aggregate of 4,812.9 million Tianjin Port Development Shares. Tianjin Investment Holdings Limited, Learder Top Investments Limited and Leadport Holdings Limited will abstain from voting in respect of such resolutions.

The Proposed Share Issue will constitute a deemed disposal for Tianjin Development, and the consideration ratio under Rule 14.07 of the Listing Rules for the Proposed Share Issue is over 75% for Tianjin Development. Further, at the time of the spin-off and listing of Tianjin Port Development on the Stock Exchange in May 2006, the Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules to deem the Vendor and its associates as connected persons of Tianjin Development. Accordingly, the Proposed Transaction will constitute a deemed very substantial disposal and connected transaction for Tianjin Development, and will be subject to the approval of the Tianjin Development Independent Shareholders under the Listing Rules. Tianjin Investment Holdings Limited and Tsinlien Venture Capital Company Limited will abstain from voting in respect of such resolutions.

2. THE SALE AND PURCHASE AGREEMENT

Date of Sale and Purchase Agreement: 16 March 2009.

Parties:

- (a) Tianjin Port Development;
- (b) Grand Point; and
- (c) the Vendor.

Subject matter and principal terms of the Proposed Transaction:

The Sale and Purchase Agreement sets out the terms upon which Tianjin Port Development will, through its wholly-owned subsidiary Grand Point and subject to the conditions set out in the Sale and Purchase Agreement, acquire from the Vendor its 56.81% interest in the registered share capital of the Target.

Pursuant to the Sale and Purchase Agreement, Grand Point has undertaken that after Completion, it will not at any time prior to the expiration of three years after Completion, transfer its interest in the registered share capital of the Target that it acquired from the Vendor.

Consideration:

The Consideration for the Proposed Acquisition shall be HK\$10,961 million, which shall be satisfied (subject to adjustment as described below): (a) as to HK\$7,031 million by the issue of Consideration Shares to the Vendor's wholly-owned subsidiary as directed by the Vendor; and (b) as to HK\$3,930 million by cash payable to the Vendor's wholly-owned subsidiary as directed by the Vendor, which may be financed with internal resources, bank borrowings, proceeds from the issue of Tianjin Port Development Shares pursuant to a placing (if any), proceeds from the issue of convertible securities or other securities (if any), and/or other sources. The exchange rate has been determined to be HK\$1:RMB0.88128, being the median exchange rate announced by the People's Bank of China on the last Trading Day of the Target's shares on the Shanghai Stock Exchange prior to the date of the Sale and Purchase Agreement.

Pursuant to the Sale and Purchase Agreement, upon Completion, the Vendor must hold no less than 51% of the enlarged issued share capital of Tianjin Port Development.

The Consideration was determined after arm's length negotiations between the parties and with reference to RMB10.152 per Target share, being 90% of the average of the daily volume-weighted average share price of the Target for the last 30 Trading Days prior to (but not including) the date of the Sale and Purchase Agreement.

The issue price of the Consideration Shares shall be HK\$2.0916 per Tianjin Port Development Share, being the volume-weighted average share price of the Tianjin Port Development Shares for the five Trading Days prior to (but not including) the date of the Sale and Purchase Agreement. Based on the aggregate value of the

Consideration Shares of HK\$7,031 million and the issue price of HK\$2.0916 per Tianjin Port Development Share, the total number of Consideration Shares to be issued would be approximately 3,362 million, representing approximately 188% of the existing issued share capital and approximately 51% of the maximum enlarged issued share capital of Tianjin Port Development (after the Proposed Share Issue).

The cash portion of the Consideration may be subject to adjustment by Tianjin Port Development based on market conditions between the date of the Sale and Purchase Agreement and Completion. The manner and specific amount of such adjustment are subject to further agreement to be made between the parties. In particular, if the parties agree that the cash portion of the Consideration is to be reduced, the shortfall may be satisfied by the issue of further Consideration Shares by Tianjin Port Development to the Vendor's wholly-owned subsidiary as directed by the Vendor or other means. The adjustment can be made provided that (a) the adjustment does not result in a change in the amount of the Consideration; (b) the adjustment does not impose any material adverse effect on the tax liability of each of Tianjin Port Development, Grand Point and the Vendor; (c) the adjustment does not prevent or unreasonably delay Completion and/or the issue of the Consideration Shares; and (d) the adjustment will not result in the Vendor holding less than 51% in the enlarged issued share capital of Tianjin Port Development (as described above).

The maximum amount of New Shares which may be issued by Tianjin Port Development, including Consideration Shares (which includes further Consideration Shares issued pursuant to the adjustment), and Tianjin Port Development Shares issued pursuant to a placing, and issue of convertible securities or other securities, must not exceed 4,812.9 million Tianjin Port Development Shares, representing approximately 73% of the maximum enlarged issued share capital of Tianjin Port Development. As a result, the maximum number of issued Tianjin Port Development Shares will not exceed 6,600 million Tianjin Port Development Shares upon Completion. Tianjin Port Development will ensure compliance with the relevant minimum public float requirement under Rule 8.08 of the Listing Rules after the Proposed Share Issue.

Conditions precedent: The Sale and Purchase Agreement will become effective from the date on which all of the following conditions are satisfied (or waived to the extent permitted by law, as the case may be) within nine months of the date of the Sale and Purchase Agreement (or such longer period as agreed between the parties):

- (a) the Proposed Acquisition being approved by the shareholders at the extraordinary general meeting of the Target;
- (b) completion of further due diligence on (i) the Target by Tianjin Port Development; and (ii) Tianjin Port Development by the Vendor, to the satisfaction of Tianjin Port Development and the Vendor respectively;
- (c) the transfer of shares of the Target by state-owned shareholders pursuant to the Proposed Acquisition being approved by SASAC;
- (d) the Proposed Acquisition being approved by MOFCOM in respect of the foreign investment in the Target and any merger control notification (if applicable);
- (e) the Proposed Acquisition being approved by the CSRC and the CSRC having granted a waiver from the obligation to make a general offer for all the shares in the Target; and
- (f) the above approvals not containing additional conditions or restrictions that may cause any impediments or impose any material adverse effect on the operations of the Target after Completion; and such approvals not having been revoked prior to the date the Sale and Purchase Agreement becomes effective; and no laws, regulations and orders preventing completion of the transfer of the shares in the Target.

Completion is conditional upon (among other things) the fulfilment (or waiver to the extent permitted by law, as the case may be) of the following conditions within six months of the Sale and Purchase Agreement being effective (or such longer period as may be agreed between the parties):

- (a) the Vendor having established a wholly-owned subsidiary incorporated outside the PRC in

accordance with the law to hold the Tianjin Port Development Shares as a result of the Proposed Transaction;

- (b) the Proposed Transaction being approved, and the specific mandate being obtained for the Proposed Share Issue, by the Tianjin Port Development Independent Shareholders at the Tianjin Port Development EGM, and the Proposed Increase in Authorised Share Capital being approved by the Tianjin Port Development Shareholders at the Tianjin Port Development EGM;
- (c) the Proposed Transaction and the deemed disposal resulting from the Proposed Share Issue being approved by the Tianjin Development Independent Shareholders at the Tianjin Development EGM;
- (d) all necessary consents, approvals and notifications having been obtained or made, and not having been revoked prior to Completion, in Hong Kong and jurisdictions other than the PRC, including:
 - (i) the Executive of the SFC having granted a waiver on the part of the Vendor from making a general offer under the Takeovers Code for all the Tianjin Port Development Shares as a result of the issue of Consideration Shares to the Vendor;
 - (ii) the Stock Exchange having confirmed that the Proposed Transaction does not trigger the requirements for a reverse takeover under the Listing Rules; and
 - (iii) the Stock Exchange having granted approval for the listing of, and permission to deal in, the New Shares on the Stock Exchange; and
- (e) the above approvals not containing additional conditions or restrictions that may cause any impediments or impose any material adverse effect on the operations of the Target after Completion, and such approvals not having been revoked prior to the Completion; and no laws, regulations and orders preventing completion of the transfer of the shares in the Target.

If the conditions precedent to Completion have not been satisfied or waived (as the case may be) on or before this date, any one of the parties would be entitled to rescind the Sale and Purchase Agreement.

Completion: Completion shall take place on the date on which all of the conditions precedent to Completion are fulfilled (or waived to the extent permitted by law) and the process of registration in the name of Grand Point of the transfer of shares in the Target and issuing the Consideration Shares to the Vendor's wholly-owned subsidiary incorporated outside the PRC as directed by the Vendor are completed (each of which should commence immediately upon all of the conditions precedent to Completion being fulfilled).

3. POTENTIAL CONTINUING CONNECTED TRANSACTIONS

The Target's business involves port handling and stevedoring services, warehousing, and logistics and financial services. The Target Group has historically been involved and will continue to be involved in transactions with the Vendor (or its associates). In particular, the Vendor has provided and will continue to provide financial services, and utilities and support services to the Target. The Target Group has entered, and may enter into, the Framework Agreement(s) with the Vendor (or its associates), setting out the basis upon which members of the Target Group will after Completion continue to engage in the transactions with the Vendor (or its associates).

Immediately following Completion, the Vendor will be interested in not less than 51% of the enlarged issued share capital of Tianjin Port Development. As the Vendor is a connected person of Tianjin Port Development, and the Target Group will become part of the Tianjin Port Development Group upon Completion, transactions between the Target Group and the Vendor (or its associates) will become continuing connected transactions for the Tianjin Port Development Group. Accordingly, if any of the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the caps for the transactions contemplated (that is, the Potential Continuing Connected Transactions) exceeds 2.5%, the Potential Continuing Connected Transactions and the Framework Agreement(s) for such transactions will be subject to the approval of the Tianjin Port Development Independent Shareholders under the Listing Rules.

Appropriate announcement(s) will be made by Tianjin Port Development in relation to the Potential Continuing Connected Transactions and the terms of the Framework Agreement(s). The Framework Agreement(s) are expected to be subject to the approval of the Tianjin Port Development Independent Shareholders at the Tianjin Port Development EGM and details of the Framework Agreement(s) will be set out in the Circular in compliance with the requirements of the Listing Rules.

4. INFORMATION ON THE VENDOR

The Vendor was reorganised as a wholly state-owned company in the PRC on 29 July 2004 and is the holding company of the business owned and operated by the former Tianjin Port Authority. The principal business of the Vendor includes port handling and stevedoring services, warehousing, logistics, and port area land development in the Port of Tianjin in the PRC. The Vendor is a company controlled by the Tianjin SASAC, which is directly under the management of the Tianjin Municipal Government. The Vendor was the controlling shareholder of the Target since the Target was established in December 1992.

The Target was established by way of promotion from state-owned assets by the former Tianjin Port Authority, the operations of which were assumed by the Vendor in 2004.

In April 2008, the Vendor injected into the Target the equity interests in 15 companies mainly engaged in port handling and related services, land use rights, and other port terminal assets and facilities, in consideration for the subscription of shares in the Target. As a result of the subscription, the Vendor has undertaken that the Target shall have right of priority to investment opportunities in relation to the future construction, development and operations of the ports business, as well as the right to acquire such projects.

5. INFORMATION ON THE TARGET

The Target was listed on the Shanghai Stock Exchange on 14 June 1996. The Target is based in Tianjin and is principally engaged in port handling and stevedoring services, warehousing, and logistics and financial services, through its subsidiaries and associated companies. It primarily handles bulk cargo, such as coal, ore, steel, and containers. For the six months ended 30 June 2008, the Target handled approximately 2.01 million TEUs of containers and approximately 109.76 million tonnes of bulk cargo.

The Target is a non-wholly owned subsidiary of the Vendor, with the Vendor having a direct shareholding of 56.81% in the registered share capital of the Target. Upon Completion, the Target will become a non-wholly owned subsidiary of Tianjin Port Development, and as a result, the financial statements of the Target will be consolidated with those of Tianjin Port Development.

The following table sets out selected financial information extracted from the financial statements of the Target prepared in accordance with the generally accepted accounting principles in the PRC for the financial years ended 31 December 2006 and 2007, and nine months ended 30 September 2007 and 2008.

| | Year ended 31 December | | Nine months ended 30 September | |
|-------------------|------------------------------|------------------------------|--|--------------------------------|
| | 2006 (audited) RMB'000 | 2007 (audited) RMB'000 | 2007 ^(Note) (unaudited) RMB'000 | 2008 (unaudited) RMB'000 |
| Revenue | 2,556,507 | 2,930,568 | 6,477,612 | 8,978,680 |
| Profit before tax | 813,294 | 982,297 | 1,274,233 | 1,310,853 |
| Profit after tax | 624,757 | 743,076 | 959,432 | 1,066,567 |

Note: The unaudited figures for the nine months ended 30 September 2007 have been restated after completion of the business reorganisation on 1 April 2008 in relation to the acquisition of port businesses and facilities from the Vendor.

As at 30 September 2008, the unaudited net assets of the Target Group was approximately RMB 8,942 million. As of 13 March 2009, the market capitalisation of the Target was approximately RMB19,679 million, based on the closing price of RMB11.75.

6. INFORMATION ON TIANJIN PORT DEVELOPMENT

Tianjin Port Development is principally engaged in container handling services at the Port of Tianjin, primarily through its wholly-owned subsidiaries and associated companies. In addition, the Tianjin Port Development Group is also involved in the bulk cargo handling and stevedoring, logistics, and other ancillary services in the Port of Tianjin. For the six months ended 30 June 2008, the Tianjin Port Development Group handled approximately 2.07 million TEUs of containers (including the volume handled by Tianjin Port Alliance International Container Terminal Co., Ltd.) and approximately 6.50 million tonnes of bulk cargo.

The following table sets out selected financial information extracted from the financial statements of Tianjin Port Development prepared in accordance with the Hong Kong Financial Reporting Standards for the financial years ended 31 December 2006 and 2007 and the six months ended 30 June 2007 and 2008.

| | Year ended 31 December | | Six months ended 30 June | |
|-------------------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| | 2006 (audited) HK\$'000 | 2007 (audited) HK\$'000 | 2007 (unaudited) HK\$'000 | 2008 (unaudited) HK\$'000 |
| Revenue | 1,036,495 | 1,193,777 | 572,418 | 622,155 |
| Profit before tax | 341,211 | 287,793 | 142,200 | 180,475 |
| Profits after tax | 304,273 | 240,642 | 117,985 | 140,951 |

As at 30 June 2008, the unaudited net assets of the Tianjin Port Development Group was approximately HK\$3,684 million.

7. INFORMATION ON TIANJIN DEVELOPMENT

The principal operations of the Tianjin Development Group are: (a) infrastructure operations including toll road operations; (b) utilities operations including the supply of water, electricity and heat and thermal power in the Tianjin Economic-Technological Development Area; (c) commercial properties operations, mainly hotels operations; and (d) strategic and other investments, including a 44.8% equity interest in Dynasty Fine Wines Group Limited (which is listed on the main board of the Stock Exchange with stock code: 828), gas fuel operations, and elevator and escalator operations.

8. HISTORICAL BACKGROUND

The activities of Tianjin Port Development, Tianjin Development, the Vendor and the Target are centred around the municipality of Tianjin, and in particular on the port that is located to the west of Bohai Bay and in the estuary of the Haihe River. A brief chronology of key events for the above companies leading up to the Proposed Transaction are set out below.

| Date | Event |
|---------------|---|
| October 1954 | The Tianjin Port Authority was established by the Tianjin Municipal Government as the government regulatory body of the Port of Tianjin. |
| December 1992 | The Target was established by way of promotion by the Tianjin Port Authority. |
| June 1996 | The Target, which consisted of selected port assets at the Port of Tianjin, was listed on the Shanghai Stock Exchange. |
| May 1997 | Tianjin Development was established by Tsinlien to serve as an overseas listed conglomerate flagship under the control of the Tianjin Municipal Government. Tsinlien is wholly owned by the Tianjin Bureau of Commerce, a subordinate department of the Tianjin Municipal Government. |
| December 1997 | Tianjin Development was listed on the main board of the Stock Exchange. |
| July 2004 | The Vendor was established to assume part of the duties of the Tianjin Port Authority under the reorganisation plan of the State Council of the PRC and the Ministry of Communications of the PRC to separate the administrative and business functions of ports in the PRC in order to strengthen the development and modernisation of such ports. |

- May 2006 Following a spin-off of Tianjin Development's container handling and bulk cargo handling businesses undertaken pursuant to Practice Note 15 of the Listing Rules, the Tianjin Port Development Shares were listed on the main board of the Stock Exchange. Tianjin Development currently holds an interest of approximately 67.33% in Tianjin Port Development.
- April 2008 The Vendor injected into the Target the equity interests in 15 companies mainly engaged in port handling and related services, land use rights, and other port terminal assets and facilities, in consideration for the subscription of shares in the Target.

9. RELATIONSHIP BETWEEN (A) TIANJIN PORT DEVELOPMENT AND THE VENDOR; AND (B) TIANJIN DEVELOPMENT AND THE VENDOR

At the time of the spin-off and listing of Tianjin Port Development on the Stock Exchange in May 2006, the Stock Exchange has exercised its discretion under Rule 14A.06 of the Listing Rules to deem the Vendor and its associates as a connected person of Tianjin Port Development and Tianjin Development. As such, the Proposed Transaction will constitute a connected transaction under the Listing Rules for each of Tianjin Port Development and Tianjin Development, and will be subject to the approval of the Tianjin Port Development Independent Shareholders and Tianjin Development Independent Shareholders, respectively.

Assuming the maximum number of New Shares is issued under the Proposed Share Issue, immediately following Completion, the Vendor's holding in Tianjin Port Development will be increased to 51% or more.

10. REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION FOR TIANJIN PORT DEVELOPMENT

The Tianjin Port Development Directors are of the view that the Proposed Transaction will result in the following benefits to Tianjin Port Development:

- (a) under the support of the Vendor, the enlarged portfolio of Tianjin Port Development, consisting of all commercially operating port assets within the Port of Tianjin, will have significantly increased scale of operations, improved resource integration and allocation, more centralised management and better coordination of project planning and construction, which would help to create meaningful synergies and strengthen the overall competitiveness of Tianjin Port Development;
- (b) there will be a significant increase in the container business which is complemented by the significantly increased exposure to bulk cargo, resulting in a more diversified business structure for Tianjin Port Development, enhancing the competitiveness of the Port of Tianjin in the Bohai Bay and the PRC;

- (c) the enlarged Tianjin Port Development Group will have more flexibility in terms of financing alternatives for the development or acquisition of its port business, with access to capital markets in Hong Kong and the PRC; and
- (d) the Vendor has granted the Target a right of priority to invest in future construction, development and operations of the ports business, and a right of priority to select and acquire such projects. Further, the Vendor has undertaken to improve the profitability of less developed port service assets. Upon written request by the Target, the Vendor must unconditionally transfer such projects and assets to the Vendor on payment of a reasonable price and in accordance with legal procedures. In particular, the 300,000-tonne oil terminal project currently under construction will be injected into the Target after the construction is completed. The Tianjin Port Development Group will be able to enjoy indirectly the potential benefits from these injected assets as the controlling shareholder of the Target Group.

11. REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION FOR TIANJIN DEVELOPMENT

Tianjin Port Development's positioning has been changed recently as growth has been limited, with significant exposure in the container business, which have been affected in the recent economic downturn. In light of these challenges, the Tianjin Development Directors are of the view that the Proposed Transaction will result in the following benefits to Tianjin Development:

- (a) Tianjin Development will be holding an interest in a significantly larger Tianjin Port Development Group that will have the increased scale of operations to be competitive against other ports;
- (b) through its stake in Tianjin Port Development, Tianjin Development will be able to benefit from improved performance of Tianjin Port Development as a result of the potential synergies and the improved overall competitiveness created through better resource integration and allocation, centralised management and planning, and a more diversified business structure;
- (c) with the Vendor's strategic move to become the controlling shareholder and having expertise in port operations and management, Tianjin Development as a shareholder will be able to enjoy the benefits of the improved management and long term development of Tianjin Port Development;
- (d) the management and operational effectiveness will be enhanced with a greater focus on its core competencies, including dedication of resources to the remaining businesses in Tianjin Development and to potential opportunities to develop new businesses for Tianjin Development; and
- (e) Tianjin Development retains significant influence over Tianjin Port Development through board representation and a significant minority shareholding as the second largest shareholder of Tianjin Port Development after the Vendor.

12. FINANCIAL EFFECT OF THE PROPOSED TRANSACTION FOR TIANJIN DEVELOPMENT

Upon Completion, Tianjin Development's interest in Tianjin Port Development will be diluted and Tianjin Port Development will cease to be a subsidiary and become an associated company of Tianjin Development. Tianjin Development expects to recognise a gain or loss on deemed disposal of its interest in Tianjin Port Development, which is to be calculated based on the fair value and the carrying value of the Tianjin Port Development Shares held by Tianjin Development on the date of Completion. Such fair value will be determined based on the closing price of the Tianjin Port Development Shares on the date of Completion, which cannot be ascertained on the date of this announcement. Tianjin Development will make a further announcement as soon as practicable after Completion of the gain or loss on the deemed disposal of Tianjin Port Development.

Pro forma financial information illustrating the impact of the Proposed Transaction on the Tianjin Development Group will be included in the Circular.

13. BOARD COMPOSITION OF TIANJIN PORT DEVELOPMENT

Upon Completion, Tianjin Port Development may cause such changes to its board of directors (which may include nomination of new directors and resignation of existing directors). In addition, Tianjin Development will continue to have representation on the board of directors of Tianjin Port Development.

Appropriate announcement(s) will be made by Tianjin Port Development in relation to any proposed changes to the board of directors, including biographical and other information relating to any proposed new directors, in compliance with the requirements of the Listing Rules.

14. WAIVER FROM GENERAL OFFER REQUIREMENTS

It is one of the conditions precedent to Completion that a waiver from making a general offer (a) by the Vendor for the Tianjin Port Development Shares under Rule 26.1 of the Takeovers Code and (b) by Tianjin Port Development for the shares in the Target under the relevant PRC laws, as a result of Completion be granted by the Executive and CSRC respectively.

Pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code, the Executive has waived the Vendor's obligation to make a general offer for all the Tianjin Port Development Shares arising as a result of the Proposed Transaction.

Tianjin Port Development will make an application to CSRC to obtain a waiver from relevant PRC requirements.

15. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The authorised share capital of Tianjin Port Development is HK\$500,000,000, consisting of 5,000,000,000 Tianjin Port Development Shares of HK\$0.10 each, of which 1,787,100,000 Tianjin Port Development Shares are in issue as at the date of

this announcement. The Tianjin Port Development Directors propose to increase the authorised share capital of Tianjin Port Development from HK\$500,000,000 to HK\$1,200,000,000, consisting of 12,000,000,000 Tianjin Port Development Shares of HK\$0.10 each.

16. GENERAL

A Circular containing, among others:

- (a) a notice of the Tianjin Port Development EGM to seek the approval by the Tianjin Port Development Independent Shareholders of the Proposed Transaction and Framework Agreement(s) and to seek a specific mandate for the Proposed Share Issue of up to an aggregate of 4,812.9 million Tianjin Port Development Shares, and to seek the approval of Tianjin Port Development Shareholders of the Proposed Increase in Authorised Share Capital;
- (b) notice of the Tianjin Development EGM to seek the approval by the Tianjin Development Independent Shareholders of the Proposed Transaction;
- (c) further details of the Sale and Purchase Agreement and the Proposed Transaction, the Potential Continuing Connected Transactions and the Framework Agreement(s) (if applicable);
- (d) letter of advice from the independent financial adviser to the Tianjin Port Development Independent Board Committee and the Tianjin Port Development Independent Shareholders and letter of advice from the independent financial adviser to the Tianjin Development Independent Board Committee and the Tianjin Development Independent Shareholders; and
- (e) letter from the Tianjin Port Development Independent Board Committee to the Tianjin Port Development Independent Shareholders and letter from the Tianjin Development Independent Board Committee to the Tianjin Development Independent Shareholders,

will be despatched to the Tianjin Port Development Shareholders and Tianjin Development Shareholders as soon as practicable after this announcement.

Further announcement(s) will be made by Tianjin Port Development: (i) upon the entering into of the Framework Agreement(s) (if any), of which the Framework Agreement(s) and its caps, among other things, will be subject to the approval of the Tianjin Port Development Independent Shareholders at the Tianjin Port Development EGM; (ii) upon the issue of Tianjin Port Development Shares pursuant to a placing (if any); (iii) upon the issue of convertible securities or other securities by Tianjin Port Development (if any); and (iv) on other items relating to the Proposed Transaction (if any).

An application will also be made by Tianjin Port Development to the Stock Exchange for the listing of, and permission to deal in, the New Shares on the Stock Exchange.

Completion is subject to conditions that may or may not be fulfilled. Shareholders and potential investors in Tianjin Port Development and Tianjin Development should exercise caution in dealing in the securities of Tianjin Port Development and Tianjin Development.

Trading in the Tianjin Port Development Shares and Tianjin Development Shares on the Stock Exchange was suspended at the request of Tianjin Port Development and Tianjin Development respectively with effect from 9:30 a.m. on 16 March 2009 pending the release of this announcement. An application has been made by Tianjin Port Development and Tianjin Development for the resumption of trading in the Tianjin Port Development Shares and Tianjin Development Shares respectively on the Stock Exchange from 9:30 a.m. on 17 March 2009.

HK\$ and RMB amounts set out in this announcement are, where relevant, converted at the exchange rate of HK\$1:RMB0.88128, being the median exchange rate announced by the People's Bank of China on the last Trading Day of the Target's shares on the Shanghai Stock Exchange prior to the date of the Sale and Purchase Agreement.

17. DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

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| “associate” | has the meaning ascribed to that term in the Listing Rules; |
| “Circular” | the circular to be sent to the Tianjin Port Development Shareholders and the Tianjin Development Shareholders in relation to the Tianjin Port Development EGM and the Tianjin Development EGM; |
| “Completion” | completion of the Proposed Transaction pursuant to the Sale and Purchase Agreement; |
| “connected person” | has the meaning ascribed to that term in the Listing Rules; |
| “Consideration” | the consideration for the Proposed Acquisition of HK\$10,961 million, which shall be satisfied as to HK\$7,031 million by the issue of the Consideration Shares to the Vendor's wholly-owned subsidiary as directed by the Vendor, and HK\$3,930 million by cash payable to the Vendor's wholly-owned subsidiary as directed by the Vendor; |
| “Consideration Shares” | the new Tianjin Port Development Shares to be issued and allotted to the Vendor's wholly-owned subsidiary as directed by the Vendor, the total number of which is subject to adjustment, at HK\$2.0916 per Tianjin Port Development Share; |

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| “CSRC” | 中國證券監督管理委員會 (China Securities Regulatory Commission); |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director; |
| “Framework Agreement(s)” | agreement(s) entered into, or to be entered into, between the Target Group and the Vendor (or its associates), in order to set out the basis upon which members of the Target Group will after Completion continue to perform transactions in respect of the Vendor (or its associates); |
| “Grand Point” | Grand Point Investment Limited, a company incorporated in Hong Kong with limited liability, the entire share capital of which are wholly owned by Tianjin Port Development; |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Listing Rules” | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| “MOFCOM” | 中華人民共和國商務部 (the Ministry of Commerce of the PRC) or its local branches; |
| “New Shares” | new Tianjin Port Development Shares issued pursuant to the Proposed Share Issue; |
| “Potential Continuing Connected Transactions” | the proposed transactions between the Target Group and the Vendor (or its associates), after Completion, in respect of which the parties have entered into, or are expected to enter into, the Framework Agreement(s); |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan; |
| “Proposed Acquisition” | the proposed acquisition by Tianjin Port Development, through its wholly-owned subsidiary Grand Point, of the 56.81% interest in the registered share capital of the Target from the Vendor; |
| “Proposed Increase in Authorised Share Capital” | the proposed increase in the authorised share capital of Tianjin Port Development from HK\$500,000,000 to HK\$1,200,000,000; |

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| “Proposed Share Issue” | the proposed issue by Tianjin Port Development of: (a) Consideration Shares to the Vendor’s wholly-owned subsidiary as directed by the Vendor to satisfy the share portion of the Consideration; and (b) Tianjin Port Development Shares pursuant to a placing (if any) (which among other reasons, may be used to maintain at least 25% of the issued share capital of Tianjin Port Development to be held by the public) and convertible securities or other securities (if any) relating to Tianjin Port Development to satisfy the cash portion of the Consideration, which individually and collectively will result in the dilution of Tianjin Development’s interest in Tianjin Port Development; |
| “Proposed Transaction” | the Proposed Acquisition and the Proposed Share Issue, collectively; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Sale and Purchase Agreement” | the agreement for the transfer of state-owned interests in a listed company dated 16 March 2009 between Tianjin Port Development, Grand Point and the Vendor in respect of the Proposed Acquisition; |
| “SASAC” | 中華人民共和國國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council of the PRC); |
| “SFC” | The Securities and Futures Commission of Hong Kong; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “subsidiary” | has the meaning ascribed to that term in the Listing Rules; |
| “Takeovers Code” | The Code on Takeovers and Mergers; |
| “Target” | 天津港股份有限公司 (Tianjin Port Holdings Co., Ltd.)*, a limited liability company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600717), and approximately 56.81% of whose registered share capital is directly held by the Vendor as at the date of this announcement; |
| “Target Group” | the Target and its subsidiaries; |
| “TEUs” | twenty-foot equivalent units, a container size standard of twenty feet; container vessel capacity and port throughput capacity are frequently referred to in TEUs; |

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| “Tianjin Development” | 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 (stock code: 882), and which as of the date of this announcement is the indirect holder of 1,203,312,000 Tianjin Port Development Shares, representing approximately 67.33% of the issued share capital of Tianjin Port Development; |
| “Tianjin Development Directors” | the directors of Tianjin Development; |
| “Tianjin Development EGM” | the extraordinary general meeting of Tianjin Development to be held to approve the Proposed Transaction; |
| “Tianjin Development Group” | Tianjin Development and its subsidiaries, excluding the Tianjin Port Development Group; |
| “Tianjin Development Independent Board Committee” | the committee of independent non-executive directors of Tianjin Development, comprising Mr. Kwong Che Keung, Gordon, Mr. Lau Wai Kit and Dr. Cheng Hon Kwan, established to advise the Tianjin Development Independent Shareholders in respect of the terms of the Proposed Transaction; |
| “Tianjin Development Independent Shareholders” | Tianjin Development Shareholders, other than Tianjin Investment Holdings Limited and Tsinlien Venture Capital Company Limited, each of which is a wholly-owned subsidiary of Tsinlien and has a material interest in the Proposed Transaction; |
| “Tianjin Development Shareholders” | holders of Tianjin Development Shares; |
| “Tianjin Development Shares” | ordinary shares of HK\$0.10 each in the share capital of Tianjin Development; |
| “Tianjin Port Development” | Tianjin Port Development Holdings Limited, a 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: 3382); |
| “Tianjin Port Development Directors” | the directors of Tianjin Port Development; |

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| “Tianjin Port Development EGM” | the extraordinary general meeting of Tianjin Port Development to be held to approve, among other things, the Sale and Purchase Agreement and the Proposed Transaction, the Potential Continuing Connected Transactions and the Framework Agreement(s) (if applicable), and the Proposed Increase in Authorised Share Capital, and to seek a specific mandate for the Proposed Share Issue; |
| “Tianjin Port Development Group” | Tianjin Port Development and its subsidiaries; |
| “Tianjin Port Development Independent Board Committee” | the committee of independent non-executive directors of Tianjin Port Development, comprising Mr. Kwan Hung Sang, Francis, Professor Japhet Sebastian Law and Dr. Cheng Chi Pang, Leslie, established to advise the Tianjin Port Development Independent Shareholders in respect of the terms of the Proposed Transaction; |
| “Tianjin Port Development Independent Shareholders” | Tianjin Port Development Shareholders, other than (a) Leader Top Investments Limited (a wholly-owned subsidiary of Tianjin Development); (b) Leadport Holdings Limited (a wholly-owned subsidiary of Tianjin Development); and (c) Tianjin Investment Holdings Limited (a wholly-owned subsidiary of Tsinlien), each of which has a material interest in the Proposed Transaction and the Framework Agreement(s) (if applicable); |
| “Tianjin Port Development Shareholders” | holders of Tianjin Port Development Shares; |
| “Tianjin Port Development Shares” | ordinary shares of HK\$0.10 each in the share capital of Tianjin Port Development; |
| “Tsinlien” | Tsinlien Group Company Limited, a company incorporated in Hong Kong with limited liability and controlled by the Tianjin Municipal Government of the PRC; |
| “Trading Day” | day on which (a) Tianjin Port Development Shares are traded on the Stock Exchange; and/or (b) shares in the Target are traded on the Shanghai Stock Exchange, as the case may be; |
| “Vendor” | 天津港（集團）有限公司 (Tianjin Port (Group) Co., Ltd.)*, a company incorporated in the PRC. |

* English names for identification purposes only

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 March 2009

As at the date of this announcement, the board of directors of Tianjin Port Development 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; Mr. Kwan Hung Sang, Francis, Professor Japhet Sebastian Law and Dr. Cheng Chi Pang, Leslie as independent non-executive directors. LR2.14

As at the date of this announcement, the board of directors of Tianjin Development 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.

Please note that the shareholding and percentage figures in respect of the Proposed Transaction in this announcement are stated for illustrative purposes, and may not represent the actual figures at Completion.