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**天津發展控股有限公司**  
**TIANJIN DEVELOPMENT HOLDINGS LIMITED**

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

**(Stock Code: 882)**

## **MAJOR AND CONNECTED TRANSACTIONS**

### **ACQUISITION OF (1) 56.62% EQUITY INTEREST IN TIANJIN TIANDUAN PRESS CO., LTD. AND (2) 66% EQUITY INTEREST IN TIANJIN TIANFA HEAVY MACHINERY & HYDRO POWER EQUIPMENT MANUFACTURE CO., LTD.**

On 1 November 2012, Tianjin Tai Kang, a non wholly-owned subsidiary of the Company, entered into the Agreements with Tianjin Benefo in relation to the acquisition of (1) 56.62% equity interest in Tianduan at a consideration of RMB455,557,000 (equivalent to approximately HK\$560,334,000); and (2) 66% equity interest in Tianfa Equipment at a consideration of RMB301,984,000 (equivalent to approximately HK\$371,439,000).

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Acquisitions exceeds 25% but is less than 100%, the Acquisitions constitute major transactions for the Company under Chapter 14 of the Listing Rules. In addition, the Acquisitions, when aggregated with the Previous Acquisition, remain classified as major transactions of the Company under the Listing Rules. Tianjin Benefo is currently holding 17.26% equity interest in Tianjin Tai Kang and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisitions also constitute connected transactions for the Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Tsinlien, a substantial independent Shareholder directly and indirectly holding 625,071,143 shares of the Company (representing approximately 58.56% of the issued share capital of the Company), has given its written approval for the Acquisitions pursuant to Rule 14A.43 of the Listing Rules. The Company will seek confirmation from the Stock Exchange that independent Shareholders' approval for the Acquisitions may be obtained by means of written approval from Tsinlien in lieu of holding a general meeting.

A circular containing, inter alia, details of (i) the terms of the Agreements; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the independent Shareholders; and (iii) the recommendation of the Independent Board Committee to the independent Shareholders in respect of the Agreements will be despatched to the Shareholders on or about 22 November 2012.

## **THE TIANDUAN AGREEMENT**

On 1 November 2012, Tianjin Tai Kang, a non-wholly owned subsidiary of the Company, entered into the Tianduan Agreement with Tianjin Benefo, pursuant to which Tianjin Benefo has conditionally agreed to sell and Tianjin Tai Kang has conditionally agreed to acquire Tianduan Equity Interest, representing 56.62% of the registered capital of Tianduan subject to the terms and conditions of the Tianduan Agreement.

### **Date**

1 November 2012

### **Parties**

- (1) Vendor : Tianjin Benefo
- (2) Purchaser : Tianjin Tai Kang, a non wholly-owned subsidiary of the Company

### **Information on Tianduan**

Tianduan is a company incorporated in the PRC with limited liability and has a registered capital of RMB50,776,000, and is owned as to 56.62%, 21.83% and 21.55% by Tianjin Benefo, Tianjin Tai Kang and Mr. Wu Ri respectively at the date of the Tianduan Agreement. Tianduan is principally engaged in the manufacture and sale of presses and mechanical equipment, repair, installation, research and provision of consultation services of presses and wholesale and retail of accessories of presses. As Tianduan was jointly established by Tianjin Benefo with certain other parties, there is no original purchase cost of Tianduan to Tianjin Benefo.

In accordance with the Hong Kong Financial Reporting Standards, the profits before and after taxation of Tianduan for the financial years ended 31 December 2011 and 2010 were as follows:

	<b>For the year ended 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<b>RMB</b>	<b>RMB</b>
Profits before taxation	66,790,000	31,131,000
Profits after taxation	56,398,000	25,686,000

Upon completion of the Tianduan Acquisition, Tianjin Tai Kang will hold 78.45% of the registered capital of Tianduan.

## **Consideration and Payment Terms**

The consideration for the Tianduan Acquisition is RMB455,557,000 (equivalent to approximately HK\$560,334,000), which shall be payable in the following manner:

- (1) the prior payment of a deposit of RMB33,000,000 (equivalent to approximately HK\$40,590,000) by Tianjin Tai Kang to Tianjin Benefo shall be regarded as first instalment of the consideration for the Tianduan Acquisition as at the date of the Tianduan Agreement; and
- (2) the balance of the consideration of RMB422,557,000 (equivalent to approximately HK\$519,744,000) shall be paid within 30 business days after completion of the business registration for the transfer of the Tianduan Equity Interest with the relevant PRC government authorities.

The consideration for the Tianduan Acquisition was determined after arm's length negotiations between the Parties by reference to a valuation report prepared by an independent professional valuer, Vigers Appraisal & Consulting Limited, in respect of the entire equity interest of Tianduan as at 30 September 2012 with a market value of RMB805,000,000 (equivalent to approximately HK\$990,148,000).

The consideration will be settled in cash and funded by the internal resources of Tianjin Tai Kang.

## **Conditions to Completion**

Completion of the Tianduan Acquisition shall be conditional upon, amongst others, the completion of the following conditions unless otherwise being waived by written consent of the Parties:

- (1) the passing of resolutions by the board of directors of Tianduan to approve the Tianduan Acquisition and the corresponding amendments to the articles of association of Tianduan;
- (2) the passing of resolutions by Tianjin Benefo and Tianjin Tai Kang respectively in respect of the Tianduan Acquisition pursuant to the relevant legal requirements and/or their respective articles of association;
- (3) approval by Tianjin SASAC (or other regulatory units authorised by Tianjin SASAC) of the Tianduan Acquisition;
- (4) approval by Tianjin Commission of Commerce of the Tianduan Acquisition;
- (5) the change of registration of Tianduan by the registration authority of industry and commerce in respect of the Tianduan Acquisition;
- (6) approval and completion of procedures and formalities by other relevant PRC government authorities in respect of the Tianduan Acquisition; and
- (7) the approval by the Shareholders of the Tianduan Acquisition in accordance with the requirements of the Listing Rules.

If the conditions have not been fulfilled or waived by the Parties on or before 31 December 2012, the Tianduan Agreement shall be terminated and the first instalment already paid to Tianjin Benefo shall be refunded to Tianjin Tai Kang.

## THE TIANFA EQUIPMENT AGREEMENT

On 1 November 2012, Tianjin Tai Kang also entered into the Tianfa Equipment Agreement with Tianjin Benefo, pursuant to which Tianjin Benefo has conditionally agreed to sell and Tianjin Tai Kang has conditionally agreed to acquire the Tianfa Equipment Equity Interest, representing 66% of the registered capital of Tianfa Equipment subject to the terms and conditions of the Tianfa Equipment Agreement.

### Date

1 November 2012

### Parties

- (1) Vendor : Tianjin Benefo
- (2) Purchaser : Tianjin Tai Kang, a non wholly-owned subsidiary of the Company

### Information on Tianfa Equipment

Tianfa Equipment is a company incorporated in the PRC with limited liability and has a registered capital of RMB180,597,600, and is jointly-owned as to 66% and 34% by Tianjin Benefo and Tianjin Tai Kang respectively at the date of the Tianfa Equipment Agreement. Tianfa Equipment is principally engaged in the design, manufacture, sale and provision of consultation services of hydroelectric equipment and large scale pump unit in the PRC. As Tianfa Equipment was jointly established by Tianjin Benefo with certain other parties, there is no original purchase cost of Tianfa Equipment to Tianjin Benefo.

In accordance with the Hong Kong Financial Reporting Standards, the profits before and after taxation of Tianfa Equipment for the financial years ended 31 December 2011 and 2010 were as follows:

	<b>For the year ended 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<b>RMB</b>	<b>RMB</b>
Profits (loss) before taxation	23,840,000	(7,139,000)
Profits (loss) after taxation	21,999,000	(4,837,000)

Upon completion of the Tianfa Equipment Acquisition, Tianfa Equipment shall become a 100%-owned subsidiary of Tianjin Tai Kang.

### Consideration and Payment Terms

The consideration for the Tianfa Equipment Acquisition is RMB301,984,000 (equivalent to approximately HK\$371,439,000), which shall be payable within 30 business days after completion of the business registration for the transfer of the Tianfa Equipment Equity Interest with the relevant PRC government authorities.

The consideration for the Tianfa Equipment Acquisition was determined after arm's length negotiations between the Parties by reference to a valuation report prepared by an independent professional valuer, Vigers Appraisal & Consulting Limited, in respect of the entire equity interest of Tianfa Equipment as at 30 September 2012 with a market value of RMB484,000,000 (equivalent to approximately HK\$595,319,000).

The consideration will be settled in cash and funded by the internal resources of Tianjin Tai Kang.

### **Conditions to Completion**

Completion of the Tianfa Equipment Acquisition shall be conditional upon, amongst others, the completion of the following conditions unless otherwise being waived by written consent of the Parties:

- (1) the passing of resolutions by the board of directors of Tianfa Equipment to approve the Tianfa Equipment Acquisition and the corresponding amendments to the articles of association of Tianfa Equipment;
- (2) the passing of resolutions by Tianjin Benefo and Tianjin Tai Kang respectively in respect of the Tianfa Equipment Acquisition pursuant to the relevant legal requirements and/or their respective articles of association;
- (3) approval by Tianjin SASAC (or other regulatory units authorised by Tianjin SASAC) of the Tianfa Equipment Acquisition;
- (4) approval by Tianjin Commission of Commerce of the Tianfa Equipment Acquisition;
- (5) the change of registration of Tianfa Equipment by the registration authority of industry and commerce in respect of the Tianfa Equipment Acquisition;
- (6) approval and completion of procedures and formalities by other relevant PRC government authorities in respect of the Tianfa Equipment Acquisition; and
- (7) the approval by the Shareholders of the Tianfa Equipment Acquisition in accordance with the requirements of the Listing Rules.

If the conditions have not been fulfilled or waived by the Parties on or before 31 December 2012, the Tianfa Equipment Agreement shall be terminated.

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

The Board considers that the Acquisitions are a step forward in expanding its presence in the electrical and mechanical sector. Upon completion of the Acquisitions, the Group will take a controlling stake in Tianduan and Tianfa Equipment through its holding of 82.74% equity interest in Tianjin Tai Kang, which will allow the Company to exercise control over the management and operations of Tianduan and Tianfa Equipment.

Moreover, the Group intends to expedite business restructuring and explore new businesses. Given Tianduan and Tianfa Equipment are key players of hydraulic presses and hydro electricity equipment industries in the PRC respectively, the Acquisitions complement the Group's future development and will be a key step in developing the electric and mechanical segment of the Group.

As Tianduan and Tianfa Equipment both have a good business foundation and great development potential, the Board believes that the Acquisitions will further reinforce the Group's revenue base and accordingly strengthen the Company's competitiveness.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the independent financial adviser) consider that the Acquisitions are on normal commercial terms and were entered into in the ordinary and usual course of business and terms thereof were fair and reasonable and were in the best interests of the Company and its Shareholders as a whole.

## **GENERAL**

The principal activity of the Company is investment holding. The principal activities of the Group are (i) utilities including supply of electricity, water, heat and thermal power; (ii) hotel; and (iii) strategic and other investments including investments in the production, sale and distribution of winery products, elevators and escalators and provision of port services in Tianjin.

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

## **LISTING RULES IMPLICATIONS**

Reference is made to the Company's announcement dated 11 October 2011 and the circular dated 11 November 2011 in respect of the Previous Acquisition of 21.83% equity interest in Tianduan. Given that the Agreements are entered into within 12 months after the completion of the Previous Acquisition which was entered into by Tianjin Tai Kang with, among other, Tianjin Benefo, the Acquisitions are aggregated with the Previous Acquisition pursuant to Rule 14.22 and Rule 14A.25 of the Listing Rules.

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Acquisitions exceeds 25% but is less than 100%, the Acquisitions constitute major transactions for the Company under Chapter 14 of the Listing Rules. In addition, the Acquisitions, when aggregated with the Previous Acquisition, remain classified as major transactions to the Company under the Listing Rules. Tianjin Benefo is currently holding 17.26% equity interest in Tianjin Tai Kang and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisitions also constitute connected transactions of the Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

As at the date of this announcement, Tsinlien, a substantial independent Shareholder directly and indirectly holding 625,071,143 shares of the Company (representing approximately 58.56% of the issued share capital of the Company), has given its written approval for the Acquisitions pursuant to Rule 14A.43 of the Listing Rules. The Company will seek confirmation from the Stock Exchange that independent Shareholders' approval for the Acquisitions may be obtained by means of written approval from Tsinlien in lieu of holding a general meeting.

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

A circular containing, inter alia, details of (i) the terms of the Agreements; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the independent Shareholders; and (iii) the recommendation of the Independent Board Committee to the independent Shareholders in respect of the Agreements will be despatched to the Shareholders on or about 22 November 2012.

## **DEFINITIONS**

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

“Acquisitions”	collectively, the Tianduan Acquisition and the Tianfa Equipment Acquisition
“Agreements”	collectively, the Tianduan Agreement and the Tianfa Equipment Agreement
“Board”	the board of Directors
“Company”	Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors, which has been established to advise the independent Shareholders on the Agreements

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Agreements, namely Tianjin Benefo and Tianjin Tai Kang
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Previous Acquisition”	the acquisition of 21.83% equity interest of Tianduan by way of capital injection as disclosed in the Company’s announcement dated 11 October 2011 and the circular dated 11 November 2011
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Tianduan”	Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司), a company incorporated in the PRC with limited liability
“Tianduan Acquisition”	the acquisition of Tianduan Equity Interest from Tianjin Benefo by Tianjin Tai Kang pursuant to the Tianduan Agreement and the transactions contemplated thereunder
“Tianduan Agreement”	the share transfer agreement dated 1 November 2012 entered into between Tianjin Benefo as vendor and Tianjin Tai Kang as purchaser in relation to the Tianduan Acquisition
“Tianduan Equity Interest”	56.62% of the registered capital of Tianduan
“Tianfa Equipment”	Tianjin Tianfa Heavy Machinery & Hydro Power Equipment Manufacture Co., Ltd. (天津市天發重型水電設備製造有限公司), a company incorporated in the PRC with limited liability
“Tianfa Equipment Acquisition”	the acquisition of Tianfa Equipment Equity Interest from Tianjin Benefo by Tianjin Tai Kang pursuant to the Tianfa Equipment Agreement and the transactions contemplated thereunder
“Tianfa Equipment Agreement”	the share transfer agreement dated 1 November 2012 entered into between Tianjin Benefo as vendor and Tianjin Tai Kang as purchaser in relation to the Tianfa Equipment Acquisition



“Tianfa Equipment Equity Interest”	66% of the registered capital of Tianfa Equipment
“Tianjin Benefo”	Tianjin Benefo Machinery & Electric Holding Co., Ltd. (天津百利機電控股集團有限公司), a company incorporated in the PRC with limited liability holding 56.62% of the registered capital of Tianduan and 66% of the registered capital of Tianfa Equipment respectively prior to the completion of the Acquisitions
“Tianjin SASAC”	State-owned Assets Supervision and Administration Commission of Tianjin Municipal People’s Government
“Tianjin Tai Kang”	Tianjin Tai Kang Industrial Co., Ltd. (天津泰康實業有限公司), a company incorporated in the PRC with limited liability, which is owned as to 82.74% by the Company and 17.26% by Tianjin Benefo
“Tsinlien”	Tsinlien Group Company Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company directly and indirectly holding approximately 58.56% of the issued share capital of the Company
“%”	per cent.

*In this announcement, RMB has been translated to HK\$ at the rate of RMB0.81301 = HK\$1.00 for illustration purpose. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*

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

Hong Kong, 1 November 2012

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

\* *non-executive director*

\*\* *independent non-executive director*