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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: 03382)**

**FRAMEWORK AGREEMENT IN RELATION TO  
ASSETS TRANSACTION WITH TIANJIN PORT CO**

This announcement is made by the Company pursuant to Part XIVA of SFO and Rule 13.09 of the Listing Rules.

References are made to the announcements of the Company respectively dated 9 December 2016, 16 December 2016 and 23 December 2016 in relation to, among other things, contemplation of assets transaction between the Company and Tianjin Port Co.

The Board is pleased to announce that on 10 March 2017, the Company and the Subsidiaries entered into the Framework Agreement with Tianjin Port Co in relation to the Proposed Disposals and the Proposed Acquisition. The Framework Agreement is intended to set out the parties' intention to carry out the Transaction and the preliminary results of negotiations. The Transaction is subject to, among other things, the entering into of the formal agreement. In the event that the parties enter into the formal agreement, the Transaction is expected to constitute a notifiable transaction of the Company under the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules and make further announcements as and when appropriate.

**Shareholders and/or potential investors of the Company should note that whether the Transaction will or will not proceed involves significant uncertainties. If it does proceed, the Transaction may still be subject to certain conditions. Therefore, Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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The Board is pleased to announce that on 10 March 2017, the Company and the Subsidiaries entered into the Framework Agreement with Tianjin Port Co in relation to the Proposed Disposals and the Proposed Acquisition, the principal terms of which are as follows:

## PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

- Date : 10 March 2017
- Parties : (1) Tianjin Port Co;  
(2) the Company;  
(3) Champion Sky Enterprises;  
(4) Well Light Enterprises;  
(5) Win Many Investments; and  
(6) Tianjin Port Development International.
- Transaction : The Transaction consists of the Proposed Disposals and the Proposed Acquisition. The Proposed Disposals and the Proposed Acquisition are interdependent and shall take place simultaneously. Neither of the transactions will be implemented if any one of them fails to be implemented.
- Consideration : The consideration for the Sale Shares and the Purchase Shares will be determined by arm's length negotiations between the Company and Tianjin Port Co with reference to the results of valuation of the Sale Shares and the Purchase Shares conducted as at the Valuation Reference Date issued by valuation agency with PRC securities business license and filed in accordance with the state-owned assets administration requirements.
- Subject matter : (1) The Company and the Subsidiaries respectively agreed to sell the following equity interests to Tianjin Port Co (the "Sale Shares"):
- (i) 40% equity interest in Alliance International;
  - (ii) 100% equity interest in Tianjin Port Container;
  - (iii) 100% equity interest in Second Company;
  - (iv) 51% equity interest in Haifeng Logistics; and
  - (v) 40% equity interest in Euroasia International.
- (2) The Company or its designated party agreed to acquire from Tianjin Port Co its 100% equity interest in Tianjin Port Tugboat (the "Purchase Shares").
- Estimated values of subject matter : (1) The estimated values of the Sale Shares are as follows:
- (i) The estimated value of the 40% equity interest in Alliance International is approximately RMB754 million;
  - (ii) The estimated value of the 100% equity interest in Tianjin Port Container is approximately RMB1,513 million;
  - (iii) The estimated value of the 100% equity interest in Second Company is approximately RMB1,045 million;
  - (iv) The estimated value of the 51% equity interest in Haifeng Logistics is approximately RMB262 million; and
  - (v) The estimated value of the 40% equity interest in Euroasia International is approximately RMB557 million.

The estimated aggregate value of the Sale Shares is approximately RMB4,131 million.

- (2) The estimated value of the Purchase Shares (100% equity interest in Tianjin Port Tugboat) is approximately RMB756 million.

The above estimated values of the Sale Shares and the Purchase Shares are merely estimated results of valuation. The final values will be based on the results of valuation of the Sale Shares and the Purchase Shares conducted as at the Valuation Reference Date issued by valuation agency with PRC securities business license and filed in accordance with the state-owned assets administration requirements.

Payment of consideration : The consideration for the Sale Shares and the Purchase Shares will be denominated in RMB and is proposed to be settled in cash in the following manner:

- (1) The consideration for the Purchase Shares is payable within 3 months after the Date of Completion of Equity Transfer (or such other date as may be agreed by the parties).
- (2) The consideration for the Sale Shares is payable by two instalments. The first instalment, i.e. 51% of the consideration, is payable within 3 months after the Date of Completion of Equity Transfer (or such other date as may be agreed by the parties) and the second instalment, i.e. the remaining 49% of the consideration, is payable within 1 year after the Date of Completion of Equity Transfer (or such other date as may be agreed by the parties).

The final manner of payment of the consideration for the Sale Shares and the Purchase Shares is subject to the confirmation by the parties in the formal agreement after negotiations, as well as the approval or consent by the relevant government departments.

Formal agreement : The parties agreed to enter into the formal agreement to confirm specific matters (including the consideration) of the Transaction after the completion of necessary procedures such as auditing and valuation.

Conditions precedent : The Transaction is subject to satisfaction of all of the following conditions:

(1) Approval of the Transaction and related matters at the meetings of the Board and the Shareholders (if necessary);

(2) Approval of the Transaction and related matters at the meetings of the board of directors and the shareholders of Tianjin Port Co;

(3) Internal approvals of the Target Companies in relation to the relevant transfer of equity interest therein in accordance with their respective articles of associations;

- (4) Completion of valuation of the Sale Shares and the Purchase Shares by valuation agency with PRC securities business license in accordance with relevant national requirements and filing of the valuation results in accordance with the state-owned assets administration requirements;
- (5) Approval of the Transaction by relevant state-owned assets supervisory authorities or through resolutions by relevant state-funded enterprise(s) pursuant to state-owned assets administration requirements; and
- (6) Approval of the Proposed Acquisition by the competent department of commerce.

Arrangement during transition period : All the profit and loss in relation to the Sale Shares arising from or incurred during the transition period from the Valuation Reference Date to the Date of Completion of Equity Transfer shall be enjoyed or borne by the Company and the Subsidiaries, whereas all the profit and loss in relation to the Purchase Shares arising from or incurred during such period shall be enjoyed or borne by Tianjin Port Co.

The parties undertook to take all reasonable efforts within their respective scope of obligations to ensure that the business of the Target Companies and their subsidiaries will be carried out in its ordinary course during the transition period, and neither party will conduct any transaction, action or measure that would result in significant changes or uncertainties in relation to the assets, business, liabilities or other significant aspects of the Target Companies or their subsidiaries and would have a material adverse effect on the implementation of the Transaction.

Termination : The Framework Agreement shall be terminated upon the occurrence of any of the following circumstances and neither party shall be liable to the other party under the Framework Agreement (except for any previous breach under the Framework Agreement):

- (1) Termination by the parties' agreement before the signing of the formal agreement;
- (2) The Transaction cannot be implemented due to force majeure or other reasons unrelated to the parties to the Transaction before the signing of the formal agreement;
- (3) The parties are unable to enter into the formal agreement within 6 months after the signing of the Framework Agreement or before such other date as may be agreed by the parties;
- (4) The conditions precedents have not been fully satisfied upon the expiration of 12 months after the signing of the formal agreement or before such other date as may be agreed by the parties.

## INFORMATION OF THE TARGET COMPANIES

Alliance International is a limited company incorporated in the PRC which is principally engaged in containerised cargo handling business. As at the date of this announcement, 40% of its equity interest is held by the Company.

Tianjin Port Container is a limited company incorporated in the PRC which is principally engaged in containerised cargo handling business. As at the date of this announcement, 100% of its equity interest is held by Champion Sky Enterprises.

Second Company is a limited company incorporated in the PRC which is principally engaged in non-containerised cargo handling business. As at the date of this announcement, 100% of its equity interest is held by Well Light Enterprises.

Haifeng Logistics is a limited company incorporated in the PRC which is principally engaged in warehousing and logistics businesses. As at the date of this announcement, 51% of its equity interest is held by Win Many Investments.

Euroasia International is a limited company incorporated in the PRC which is principally engaged in containerised cargo handling business. As at the date of this announcement, 40% of its equity interest is held by Tianjin Port Development International.

Tianjin Port Tugboat is a limited company incorporated in the PRC which is principally engaged in tugboat business. As at the date of this announcement, 100% of its equity interest is held by Tianjin Port Co.

According to the audited financial statements prepared in accordance with the PRC accounting standards, the key financial information in relation to the Target Companies is as follows:

|                        | <b>As at 31 December 2015</b> |             | <b>For the year ended 31 December 2015</b> |                   |            |
|------------------------|-------------------------------|-------------|--|-------------------|------------|
|                        | Total assets                  | Net assets  | Revenue                                    | Profit before tax | Net profit |
|                        | (Audited)                     | (Audited)   | (Audited)                                  | (Audited)         | (Audited)  |
| Alliance International | 1,959,919.4                   | 1,647,650.2 | 556,740.0                                  | 194,405.5         | 170,119.6  |
| Tianjin Port Container | 2,451,198.4                   | 1,857,401.7 | 548,499.8                                  | 117,096.6         | 87,908.2   |
| Second Company         | 1,167,476.1                   | 839,207.8   | 565,781.0                                  | 12,470.7          | 9,265.8    |
| Haifeng Logistics      | 788,099.1                     | 515,826.7   | 41,952.8                                   | -8,324.7          | -8,324.7   |
| Euroasia International | 2,610,772.2                   | 1,373,567.7 | 515,795.0                                  | 104,579.6         | 91,507.2   |
| Tianjin Port Tugboat   | 727,242.0                     | 536,962.8   | 371,103.5                                  | 67,034.0          | 50,860.3   |

## INFORMATION OF THE GROUP

The Company is principally engaged in containerised and non-containerised cargo handling business, sales business, and other port ancillary business at the port of Tianjin in the PRC through its subsidiaries and associated companies.

Tianjin Port Co is principally engaged in containerised and non-containerised cargo handling business, sales business, and other port ancillary business at the port of Tianjin in the PRC through its subsidiaries and associated companies.

Champion Sky Enterprises, Well Light Enterprises, Win Many Investments and Tianjin Port Development International are all principally engaged in investment holding.

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

The acquisition of 56.81% interest in Tianjin Port Co by the Company was completed in 2010 and the Company has since then become Tianjin Port Co's controlling shareholder. Both the Company and Tianjin Port Co are principally engaged in cargo handling business and logistics business in the Tianjin port area of PRC, resulting in the issue of competition in businesses.

As the controlling shareholder of Tianjin Port Co, the Company undertook in 2014 that within 2016 and with the goal of further strengthening the port of Tianjin in mind, it would segment the business market, sort out and optimise the business structure through the division and organisation of the Group's port businesses and resources in accordance with the market development situation and without affecting the interest of the Shareholders for the purpose of resolving the issue of competition in businesses between itself and Tianjin Port Co. In order to fulfil this undertaking, the Company is contemplating the Transaction with Tianjin Port Co.

If the Transaction is implemented, Tianjin Port Co will become the main operating platform of the Group's cargo handling and logistics business. After the completion of the Transaction, the core competitiveness and business performance of Tianjin Port Co will be enhanced and improved through measures such as co-ordination of port facilities construction, centralised equity management and enhancement of management span, which stimulate synergies and integration benefits, on the basis of streamlining and intensifying management of resources. This is in the interest of the Group as a whole.

## **LISTING RULES IMPLICATIONS**

The Framework Agreement is intended to set out the parties' intention to carry out the Transaction and the preliminary results of negotiations. The Transaction is subject to, among other things, the entering into of the formal agreement. In the event that the parties enter into the formal agreement, the Transaction is expected to constitute a notifiable transaction of the Company under the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules and make further announcements as and when appropriate.

**Shareholders and/or potential investors of the Company should note that whether the Transaction will or will not proceed involves significant uncertainties. If it does proceed, the Transaction may still be subject to certain conditions. Therefore, Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

|   |  |
|---|--|
| “Alliance International”                | 天津港聯盟國際集裝箱碼頭有限公司 (Tianjin Port Alliance International Container Terminal Co., Ltd.*), a limited company incorporated in the PRC which is directly held as to 40% by the Company as the date of this announcement;      |
| “Board”                                 | the board of directors of the Company;   |
| “Champion Sky Enterprises”              | Champion Sky Enterprises Limited, a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;  |
| “Company”                               | Tianjin Port Development Holdings Limited, a limited company incorporated in Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 03382);                            |
| “Date of Completion of Equity Transfer” | the date on which the Target Companies complete the business registration procedures in relation to the transfer of the Sale Shares and the Purchase Shares and obtain the new business licenses;                      |
| “Euroasia International”                | 天津港歐亞國際集裝箱碼頭有限公司 (Tianjin Port Euroasia International Container Terminal Co., Ltd.*), a limited company incorporated in the PRC which is indirectly held as to 40% by the Company as at the date of this announcement; |
| “Framework Agreement”                   | the framework agreement dated 10 March 2017 entered into by the Company, the Subsidiaries and Tianjin Port Co in relation to the Transaction;  |
| “Group”                                 | the Company 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 limited company incorporated in the PRC which is indirectly held as to 51% by the Company as at the date of this announcement;                     |
| “Listing Rules”                         | the Rules Governing the Listing of Securities on the Stock Exchange;   |
| “PRC”                                   | People’s Republic of China;  |
| “Proposed Acquisition”                  | the proposed acquisition of 100% equity interest in Tianjin Port Tugboat from Tianjin Port Co by the Company or its designated party;  |

|  |   |
|--|---|
| “Proposed Disposals”                     | the proposed disposals of 40% equity interest in Alliance International, 100% equity interest in Tianjin Port Container, 100% equity interest in Second Company, 51% equity interest in Haifeng Logistics and 40% equity interest in Euroasia International and other related rights by the Company and the Subsidiaries to Tianjin Port Co respectively; |
| “RMB”                                    | Renminbi, the lawful currency of the PRC;   |
| “Second Company”                         | 天津港第二港埠有限公司 (Tianjin Port No. 2 Stevedoring Co., Ltd.*), a limited company incorporated in the PRC which is indirectly wholly-owned by the Company as at the date of this announcement;   |
| “SFO”                                    | The Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);  |
| “Shareholders”                           | the shareholders of the Company;  |
| “Stock Exchange”                         | The Stock Exchange of Hong Kong Limited;  |
| “Subsidiaries”                           | Champion Sky Enterprises, Well Light Enterprises, Win Many Investments and Tianjin Port Development International;  |
| “Target Companies”                       | Alliance International, Tianjin Port Container, Second Company, Haifeng Logistics, Euroasia International and Tianjin Port Tugboat, or any one of them;   |
| “Tianjin Port Co”                        | 天津港股份有限公司 (Tianjin Port Holdings Co., Ltd.*), a limited company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange (Stock code: 600717). As at the date of this announcement, approximately 56.81% of its equity interest is indirectly held by the Company;   |
| “Tianjin Port Container”                 | 天津港集裝箱碼頭有限公司 (Tianjin Port Container Terminal Co., Ltd.*), a limited company incorporated in the PRC which is indirectly wholly-owned by the Company as at the date of this announcement;   |
| “Tianjin Port Development International” | Tianjin Port Development International Limited, a limited company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company;  |
| “Tianjin Port Tugboat”                   | 天津港輪駁有限公司 (Tianjin Port Tugboat Lighter Co., Ltd.*), a limited company incorporated in the PRC which is directly wholly-owned by Tianjin Port Co as at the date of this announcement;   |



|                            |  |
|----------------------------|--|
| “Transaction”              | the Proposed Acquisition and the Proposed Disposals contemplated under the Framework Agreement;  |
| “Valuation Reference Date” | 31 October 2016, the valuation reference date of the Transaction;  |
| “Well Light Enterprises”   | Well Light Enterprises Limited, a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;                |
| “Win Many Investments”     | Win Many Investments Limited, a limited company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company; and |
| “%”                        | percentage.  |

By Order of the Board  
**Tianjin Port Development Holdings Limited**  
**Zhang Ruigang**  
*Chairman*

Hong Kong, 10 March 2017

*As at the date of this announcement, the Board consists of Mr. Zhang Ruigang, Mr. Li Quanyong, Mr. Wang Rui, Mr. Yu Houxin and Ms. Shi Jing as executive directors; Professor Japhet Sebastian Law, Dr. Cheng Chi Pang, Leslie and Mr. Zhang Weidong as independent non-executive directors.*

*\* for identification purposes only*