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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)*

**(Stock Code: 882)**

## **POTENTIAL DISPOSAL OF TIANJIN TIANFA HEAVY MACHINERY & HYDRO POWER EQUIPMENT MANUFACTURE CO., LTD.**

The Board announces that Tianjin Tai Kang intends to dispose of its entire equity interest in Tianfa Equipment and to assign the related shareholder's loan by way of public listing-for-sale process. The initial bidding price for the Potential Disposal is RMB158,681,800 (equivalent to approximately HK\$176,528,869), of which, equity interest amounts to RMB8,681,800 (equivalent to approximately HK\$9,658,249) and the related shareholder's loan amounts to RMB150,000,000 (equivalent to approximately HK\$166,870,620).

As certain applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Potential Disposal is expected to be more than 5% but less than 25%, the Potential Disposal, if materialised, may constitute a discloseable transaction of the Company and will therefore, be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As at the date of this announcement, no binding agreement in relation to the Potential Disposal has been entered into by Tianjin Tai Kang. The Company will make further announcement(s) in compliance with the Listing Rules and/or Part XIVA of the SFO as and when appropriate.

**As the Potential Disposal may or may not materialise, Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board announces that Tianjin Tai Kang, a non-wholly owned subsidiary of the Company, intends to dispose of its entire equity interest in Tianfa Equipment and to assign the related shareholder's loan. In accordance with the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC, the Potential Disposal will be conducted on the Tianjin Property Rights Exchange Centre (天津產權交易中心) by way of public listing-for-sale process commencing on 30 March 2020.

The initial bidding price for the Potential Disposal is RMB158,681,800 (equivalent to approximately HK\$176,528,869), of which, equity interest amounts to RMB8,681,800 (equivalent to approximately HK\$9,658,249) and the related shareholder's loan amounts to RMB150,000,000 (equivalent to approximately HK\$166,870,620). The initial bidding price is determined with reference to the relevant requirements governing the transfer of state-owned enterprise in the PRC and the appraised value of Tianfa Equipment as set out in the Valuation Report. Shareholders and/or potential investors of the Company should note that the final consideration for the Potential Disposal will depend on the final bid price to be offered by the successful bidder in the public listing-for-sale process. Tianjin Tai Kang will enter into a formal agreement with the successful bidder following completion of the public listing-for-sale process.

Upon completion of the Potential Disposal, the Company will not hold any equity interest in Tianfa Equipment and Tianfa Equipment will cease to be a subsidiary of the Company.

### **INFORMATION ON TIANFA EQUIPMENT**

Tianfa Equipment is a limited liability company established in the PRC and is principally engaged in the design, manufacture, sale and provision of consultation services of hydroelectric equipment and large scale pump units in the PRC.

Set out below is certain unaudited financial information of Tianfa Equipment (prepared in accordance with the generally accepted accounting principles in Hong Kong) for the two financial years ended 31 December 2018 and 31 December 2019:

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net deficits	(239,440)	(150,875)
Loss before tax	(89,547)	(161,720)
Loss after tax	(88,565)	(160,746)

According to the Valuation Report, the appraised net assets of Tianfa Equipment was RMB8,681,805.

### **REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL**

As the rapid growth of the hydropower industry has passed its cyclical peak, the overall development of the hydropower equipment market will still be at a trough. In accordance with the guiding principles of the National 13th Five-Year Hydropower Plan, it encourages the orderly development of large-scale hydropower projects and strictly controls the construction of small and medium-sized hydropower projects following the implementation of environmental protection policies. Being as a manufacturer of small and medium-sized hydropower equipment, Tianfa Equipment has faced a challenging business and operating environment despite adjustments to its market strategy and product positioning in response to these changes.

Having considered that Tianfa Equipment reported operating losses for many years without clear potential for significant improvement on its performance, and limited alternatives and businesses opportunities to be carried out by its existing facilities, the Directors believe that the Potential Disposal represents a good opportunity for the Group to improve its overall returns and provide greater value to the Shareholders by focusing its financial resources on the implementation of its long-term development strategies. The possible financial effect of the Potential Disposal on the Group will depend on the final bid price, subject to results of audit.

## LISTING RULES IMPLICATIONS

As certain applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Potential Disposal is expected to be more than 5% but less than 25%, the Potential Disposal, if materialised, may constitute a discloseable transaction of the Company and will therefore, be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## GENERAL

The Board wishes to emphasize that as the date of this announcement, no binding agreement in relation to the Potential Disposal has been entered into by Tianjin Tai Kang. The Company will make further announcement(s) in compliance with the Listing Rules and/or Part XIVA of the SFO as and when appropriate.

**As the Potential Disposal may or may not materialise, 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 expressions have the following meanings:

“Board”	the board of Directors
“Company”	Tianjin Development Holdings Limited (天津發展控股有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 882)
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potential Disposal”	the potential disposal of the entire equity interest in Tianfa Equipment and the assignment of the related shareholder’s loan by Tianjin Tai Kang by way of public listing-for-sale process to be conducted on the Tianjin Property Rights Exchange Centre (天津產權交易中心)
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of share(s) in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 established in the PRC with limited liability and a wholly-owned subsidiary of Tianjin Tai Kang
“Tianjin Tai Kang”	Tianjin Tai Kang Investment Co., Ltd. (天津泰康投資有限公司), a company established in the PRC with limited liability. As at the date of this announcement, the Company directly holds 82.74% of Tianjin Tai Kang
“Valuation Report”	the valuation report of Tianfa Equipment prepared by Zhongshuizhiyuan Assets Appraisal Co., Ltd. (中水致遠資產評估有限公司), using the asset-based approach with 31 March 2019 as the appraisal reference date
“%”	per cent.

*English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*

*In this announcement, RMB has been converted to HK\$ at the rate of RMB0.8989 = HK\$1.00 for illustration purpose only. 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**  
**Wang Zhiyong**  
*Chairman and Executive Director*

Hong Kong, 27 March 2020

*As at the date of this announcement, the Board of the Company consists of Mr. Wang Zhiyong, Mr. Chen Yanhua, Dr. Li Xiaoguang, Mr. Zhuang Qifei, Mr. Cui Xiaofei, Mr. Cheung Wing Yui, Edward\*, Dr. Chan Ching Har, Eliza\*, Dr. Cheng Hon Kwan\*\*, Mr. Mak Kwai Wing, Alexander\*\*, Ms. Ng Yi Kum, Estella\*\*, Mr. Wong Shiu Hoi, Peter\*\* and Dr. Loke Yu\*\*.*

\* *non-executive director*

\* *independent non-executive director*