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If you have sold or transferred all your shares in **Tianjin Development Holdings Limited** (天津發展控股有限公司), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

MAJOR AND CONNECTED TRANSACTION

**DISPOSAL OF 78.45% EQUITY INTEREST IN
TIANJIN TIANDUAN PRESS CO., LTD.**

Capitalised terms used on this cover page have the same meanings as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 10 of this circular.

The Equity Transfer Agreement and the Disposal have been approved by written approval obtained from Tsinlien, the controlling Shareholder, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

24 September 2021

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Days”	a day on which licensed banks in the PRC are open for business throughout their normal business hours
“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)
“Completion”	completion of the sale and purchase of 78.45% equity interest in Tianjin Tianduan pursuant to the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of the entire 78.45% equity interest in Tianjin Tianduan by Tianjin Tai Kang pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 26 August 2021 entered into between Tianjin Tai Kang and Tianjin Jinzhi in respect of the Disposal
“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 People’s Republic of China
“Independent Valuer”	Tianjin Huaxia Jinxin Assets Valuation Co., Ltd. (天津華夏金信資產評估有限公司), an independent PRC asset valuer
“Latest Practicable Date”	20 September 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China 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
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tianjin Benefo”	Tianjin BENEFO Machinery Equipment Group Co., Ltd. (天津百利機械裝備集團有限公司), a company established in the PRC with limited liability and is wholly-owned by Tianjin Jinzhi
“Tianjin Jinzhi”	Tianjin Jinzhi State-owned Assets Capital Investment Operation Co., Ltd. (天津津智國有資本投資運營有限公司), a company established in the PRC with limited liability
“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 and is owned as to 82.74% and 17.26% by the Company and Tianjin Benefo respectively as at the Latest Practicable Date
“Tianjin Tianduan”	Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司), a company established in the PRC with limited liability which is owned as to 78.45% by Tianjin Tai Kang as at the Latest Practicable Date
“TPREC”	Tianjin Property Rights Exchange Centre (天津產權交易中心)
“Tsinlien”	Tsinlien Group Company Limited (津聯集團有限公司), a company incorporated in Hong Kong with limited liability and a controlling Shareholder directly and indirectly holding approximately 62.81% of the total number of issued shares of the Company as at the Latest Practicable Date

DEFINITIONS

“Valuation Report” the valuation report of Tianjin Tianduan prepared by the Independent Valuer, using the asset-based approach with 31 May 2021 as the appraisal reference date

“%” per cent

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

In this circular, RMB has been converted to HK\$ at the rate of RMB0.834 = 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.

LETTER FROM THE BOARD



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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

Executive Directors:

Mr. Zhang Bingjun (*Chairman*)
Mr. Chen Yanhua (*General Manager*)
Dr. Li Xiaoguang
Mr. Zhuang Qifei
Mr. Cui Xiaofei

Registered office:

Suites 7-13, 36/F
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Non-executive Director:

Mr. Cheung Wing Yui, Edward

Independent non-executive Directors:

Dr. Cheng Hon Kwan
Mr. Mak Kwai Wing, Alexander
Ms. Ng Yi Kum, Estella
Mr. Wong Shiu Hoi, Peter
Dr. Loke Yu

24 September 2021

To the Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

**DISPOSAL OF 78.45% EQUITY INTEREST
IN TIANJIN TIANDUAN PRESS CO., LTD.**

INTRODUCTION

Reference is made to the announcements of the Company dated 11 June 2020 and 26 August 2021 in relation to the Equity Transfer Agreement and the Disposal.

The purpose of this circular is to provide you with information regarding, among other things, (i) further details in relation to the Equity Transfer Agreement and the Disposal; and (ii) other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE EQUITY TRANSFER AGREEMENT

On 26 August 2021, Tianjin Tai Kang entered into the Equity Transfer Agreement with Tianjin Jinzhi, pursuant to which Tianjin Tai Kang agreed to sell and Tianjin Jinzhi agreed to acquire 78.45% equity interest in Tianjin Tianduan, subject to the terms and conditions of the Equity Transfer Agreement. Set out below is a summary of the principal terms of the Equity Transfer Agreement.

Date

26 August 2021

Parties

- (1) Vendor : Tianjin Tai Kang
- (2) Purchaser : Tianjin Jinzhi

Assets to be disposed of

The assets to be disposed of by Tianjin Tai Kang is the entire 78.45% equity interest in Tianjin Tianduan.

Upon Completion, the Company will not hold any equity interest in Tianjin Tianduan and Tianjin Tianduan will cease to be a subsidiary of the Company.

Consideration and payment terms

The initial bidding price for the Disposal is RMB566,059,600 (equivalent to approximately HK\$678,728,537), determined with reference to the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC and the appraised asset value of Tianjin Tianduan. Since there was no bidder within the first 60 Business Days from the commencement of the public listing-for-sale process, the bidding price has been subsequently adjusted downward by approximately 9.9% in accordance with the rules of the TPREC.

The total consideration for the Disposal is RMB510,019,699.60 (equivalent to approximately HK\$611,534,412), being the final bidding price of 78.45% equity interest in Tianjin Tianduan, shall be paid by Tianjin Jinzhi into the escrow account designated by the TPREC in the following manners:

- (1) a security deposit of RMB51,001,969.96 (equivalent to approximately HK\$61,153,441.20), being 10% of the final bidding price, has been paid prior to the signing of the Equity Transfer Agreement and transferred as part of the first installment;

LETTER FROM THE BOARD

- (2) a first installment (which includes the paid security deposit) of RMB153,005,909.88 (equivalent to approximately HK\$183,460,323.60), being 30% of the final bidding price, has been paid within 3 Business Days after the signing of the Equity Transfer Agreement; and
- (3) the remaining balance of RMB357,013,789.72 (equivalent to approximately HK\$428,074,088.39) shall be paid within 3 Business Days after the completion of the procedures in relation to the change of business registration for the Disposal.

Other major terms

The profit or loss of Tianjin Tianduan during the period from 30 September 2019 (being the appraisal reference date for determining the initial bidding price for the Disposal at the commencement of the public listing-for-sale process) up to the date of Completion shall be borne by Tianjin Jinzhi.

For the five months ended 31 May 2021 (being the appraisal reference date of the Valuation Report), Tianjin Tianduan reported a loss of approximately RMB51.8 million based on its audited financial statements prepared in accordance with the generally accepted accounting principles in the PRC. As Tianjin Tianduan continued to be loss-making over the past two years and there was no clear potential for material improvement on its loss-making operations in the near term, it is appropriate for losses incurred during the aforementioned period to be borne by the purchaser of Tianjin Tianduan.

Furthermore, in accordance with Order No. 32 of the Ministry of Finance of the State-owned Assets Supervision and Administration Commission of the State Council, no adjustments shall be made to the consideration after the signing of the Equity Transfer Agreement. Accordingly, there will be no impact on the actual amount of the consideration for the Disposal.

Condition precedent

Completion is subject to the Shareholders having passed a resolution at a general meeting or by way of written approval in lieu of holding a general meeting (if applicable) to approve the Equity Transfer Agreement and the Disposal, and the satisfaction of any other requirements under the Listing Rules by the Company.

Liability for default

If Tianjin Tai Kang is in default of the Equity Transfer Agreement, it shall repay the security deposit in double to Tianjin Jinzhi. If Tianjin Jinzhi is in default of the Equity Transfer Agreement, it has no right to seek refund of the security deposit from Tianjin Tai Kang.

If Tianjin Tai Kang fails to complete the transfer of 78.45% equity interest in Tianjin Tianduan or Tianjin Jinzhi fails to pay the consideration on time in accordance with the terms of the Equity Transfer Agreement, the defaulting-party shall pay the non-defaulting party a sum representing 0.01% of the consideration amount for each day of delay as liquidated damages.

LETTER FROM THE BOARD

INFORMATION ON TIANJIN TIANDUAN

Tianjin Tianduan is a limited liability company established in the PRC and is principally engaged in the manufacture and sale of presses and mechanical equipment in the PRC.

Set out below is certain unaudited financial information of Tianjin Tianduan (prepared in accordance with the generally accepted accounting principles in Hong Kong) for the two financial years ended 31 December 2019 and 31 December 2020:

	For the year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Net assets	643,393	717,605
Loss before tax	(75,118)	(11,381)
Loss after tax	(74,212)	(10,949)

According to the Valuation Report, the appraised net assets of Tianjin Tianduan as at 31 May 2021 was RMB653,191,600 (equivalent to approximately HK\$783,203,357).

VALUATION OF TIANJIN TIANDUAN

The appraised net asset value of Tianjin Tianduan as at 31 May 2021 in the amount of RMB653,191,600 (equivalent to approximately HK\$783,203,357) was arrived at according to the Valuation Report using the asset-based approach, which was considered the most appropriate approach for the valuation of Tianjin Tianduan. A summary of the Valuation Report is set out in Appendix II to this circular, which includes, inter alia, the reasons for the adoption of the asset-based approach for the valuation, the methodologies and assumptions adopted by the Independent Valuer, the scope of the valuation and the valuation results.

Having considered the Valuation Report, and taking into account (i) the fact that the Valuation Report has been prepared in compliance with PRC valuation procedures, standards, laws and regulations by the Independent Valuer; (ii) that the Independent Valuer had reviewed relevant financial information, operational information and other relevant data concerning Tianjin Tianduan to gain a thorough understanding of the subject company; and (iii) the reasons for the adoption of the asset-based approach for the valuation, the methodologies and assumptions adopted by the Independent Valuer, the scope of the valuation and the valuation results, the Directors consider that the results of the valuation reflected the value of Tianjin Tianduan and are fair and reasonable.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

Against the backdrop of the outbreak of Coronavirus Disease 2019 in the PRC at the beginning of 2020, demand for hydraulic press products has been further affected by the conditions and growth of the industries in which Tianjin Tianduan's customers operate, particularly the cyclical industries, which are influenced by macroeconomic factors within the PRC, such as government policy initiatives and the levels of fixed asset investment. Although the sector showed signs of fast resumption in industrial activities after the coronavirus pandemic was contained in the PRC, it is expected that the growth of hydraulic press demand will decelerate due to lingering economic uncertainty. Furthermore, the hydraulic press industry in the PRC is still intensely competitive and price sensitive. Tianjin Tianduan reported operating losses in last two years and has faced pricing and margin pressure from the impact of higher raw material costs and the sustained keen competition among local companies and domestic-based multinationals in the markets where it currently operates. Meanwhile, the volatility of relevant industries will expose Tianjin Tianduan to uncertainty and potential instability with respect to its business performance and results of operations.

It has been one of the Company's business development strategies to make appropriate business decisions and adjustments according to the overall business environment. Considering the impact of cyclicity and market conditions in the hydraulic press industry in the PRC, the Directors believe that the Disposal may allow the Company to realise its investment in Tianjin Tianduan and further apply its resources for maintaining the existing businesses of the Group.

As Mr. Cheung Wing Yui, Edward, non-executive Director, is a consultant of Messrs. Woo Kwan Lee & Lo which provides legal and professional services to the Company in respect of the Disposal, he has voluntarily abstained from voting on the resolutions of the Board approving the Equity Transfer Agreement and the Disposal.

The Directors consider that, although the Equity Transfer Agreement and the Disposal are not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are fair and reasonable, and that the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, Tianjin Tianduan will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

It is estimated that an unaudited gain of approximately RMB3,800,000 (equivalent to approximately HK\$4,556,354.92) will arise from the Disposal. Such estimated unaudited gain is calculated with reference to (i) the consideration for the Disposal, which is RMB5,277,891.10 (equivalent to approximately HK\$6,328,406.60) in excess of 78.45% of the net assets of Tianjin Tianduan as stated in its unaudited financial statements for the year ended 31 December 2020;

LETTER FROM THE BOARD

(ii) the 78.45% of audited carrying amount of Tianjin Tianduan of approximately RMB504,742,000 (equivalent to approximately HK\$605,206,235) as at 31 December 2020; and (iii) all relevant expenses of approximately RMB1,500,000 (equivalent to approximately HK\$1,798,561) incidental to the Disposal. The actual amount of gain will depend on the carrying value of the Group's interest in Tianjin Tianduan as at Completion.

The expected net proceeds (after deducting the relevant expenses incidental to the Disposal) of approximately RMB508,519,700 (equivalent to approximately HK\$609,735,851) to be received by Tianjin Tai Kang from the Disposal will be used for replenishment of general working capital of the Group. Subject to actual circumstances, the Group intends to apply (i) approximately RMB306,000,000 (equivalent to approximately HK\$366,906,475) for the operation of hydroelectric equipment business; and (ii) the remaining proceeds of approximately RMB202,519,700 (equivalent to approximately HK\$242,829,376) for general working capital.

LISTING RULES IMPLICATIONS

Tianjin Benefo is a substantial shareholder of Tianjin Tai Kang which holds approximately 17.26% equity interest in Tianjin Tai Kang as at the Latest Practicable Date. As Tianjin Benefo is a direct wholly-owned subsidiary of Tianjin Jinzhi, Tianjin Jinzhi is therefore an associate of Tianjin Benefo and a connected person of the Company at the subsidiary level. Accordingly, the Disposal constitutes a connected transaction of the Company.

Given that (i) Tianjin Jinzhi is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Equity Transfer Agreement and the Disposal; and (iii) all the independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, and that the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Nonetheless, as one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

So far as the Company is aware, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approval of the Equity Transfer Agreement and the Disposal. Tsinlien, being the controlling Shareholder directly and indirectly holding 673,759,143 shares of the Company (representing approximately 62.81% of the total number of issued shares of the Company as at the Latest Practicable Date), has given its written approval for the Equity Transfer Agreement and the Disposal. Accordingly, such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

LETTER FROM THE BOARD

GENERAL

The Company is listed on the Main Board of the Stock Exchange, with Tsinlien being its controlling Shareholder. Tsinlien is ultimately wholly-owned by the Tianjin Municipal People's Government of the PRC. The principal activity of the Company is investment holding. The principal activities of the Group are (i) utilities including supply of electricity, water and heat and thermal power; (ii) pharmaceutical including manufacture and sale of chemical drugs, and research and development of new medicine technology and new products, as well as design, manufacture and printing for pharmaceutical packaging and sale of other paper-based packaging materials; (iii) hotel; (iv) electrical and mechanical including the manufacture and sale of presses, mechanical and hydroelectric equipment and large scale pump units; and (v) strategic and other investments including investments in associates which are principally engaged in the manufacture and sale of elevators and escalators and provision of port services in Tianjin.

Tianjin Jinzhi is engaged in various capital operation businesses, including investment in industries permitted by laws and regulations with its own funds, investment management, investment consulting, enterprise management and business information consulting, financial information consulting, and house leasing. Tianjin Jinzhi is ultimately wholly-owned by the Tianjin Municipal People's Government of the PRC.

RECOMMENDATION

The Directors consider that, although the Equity Transfer Agreement and the Disposal are not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are fair and reasonable, and that the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Although a general meeting will not be convened by the Company to approve the Equity Transfer Agreement and the Disposal, if such a general meeting were to be convened by the Company, the Board would have recommended the Shareholders to vote in favour of the resolutions to approve the Equity Transfer Agreement and the Disposal.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Tianjin Development Holdings Limited
Chen Yanhua
Executive Director and General Manager

FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tianjindev.com>):

- annual report of the Company for the year ended 31 December 2018 (pages 55-179) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn201904261698.pdf>)
- annual report of the Company for the year ended 31 December 2019 (pages 59-177) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0515/2020051500416.pdf>)
- annual report of the Company for the year ended 31 December 2020 (pages 58-179) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042800103.pdf>)

STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has the following indebtedness:

	As at 31 July 2021
	<i>HK\$'000</i>
Bank borrowings — secured and guaranteed	241,007
Bank borrowings — secured and unguaranteed	59,952
Bank borrowings — unsecured and unguaranteed	1,993,333
Amounts due to related parties — unsecured and unguaranteed	297,344
Lease liabilities	18,401
	<hr/>
	2,610,037
	<hr/> <hr/>

In addition, the secured bank borrowings were secured by charges over certain buildings, land use rights and trade receivables of the Group.

Saved as aforesaid or as otherwise disclosed herein, and apart from intragroup liabilities, at the close of business on 31 July 2021, the Group did not have any debt securities, other borrowings or loan capital issued and outstanding, agreed to be issued, or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or material contingent liabilities.

MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statement of the Group were made up.

WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the existing cash and bank balances, the present internal resources and available banking facilities of the Group and the consideration expected to be received, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The global economic recovery is uneven across countries against the backdrop of ongoing evolution of the coronavirus pandemic. The macroeconomy encounters increasing instability and uncertainties, and the economic outlook will become more complex and challenging. China has made progress in economic performance as well as epidemic prevention and control measures. In spite of the complicated and uncertain internal and external economic environment, the long term favourable fundamentals of China's economy remain unchanged. With the implementation of a series of supportive economic policies, it is expected that the Chinese economy will continue to sustain the momentum of stable economic recovery.

It has been one of the Company's business development strategies to make appropriate business decisions and adjustments according to the overall business environment. Considering the impact of cyclicity and market conditions in the hydraulic press industry in the PRC, the Disposal may allow the Company to realise its investment in Tianjin Tianduan and further apply its resources for maintaining the existing businesses of the Group.

Following the layout and industrial upgrade of state-owned capital driven by the reform of state-owned enterprises, new opportunities will be provided for development. The Company will continue to promote steady business growth and accelerate the pace of business integration.

The following is a summary of the valuation report dated 12 August 2021 prepared by the Independent Valuer in connection with its valuation of Tianjin Tianduan as at the 31 May 2021 for the purpose of, among others, inclusion in this circular.

Summary of Valuation Report

The Entire Shareholders' Interests in Tianjin Tianduan Press Co., Ltd. Involved in the Equity Transaction by Tianjin Tai Kang Investment Co., Ltd.

To: Tianjin Tai Kang Investment Co., Ltd., (天津泰康投資有限公司)

Tianjin Huaxia Jinxin Assets Valuation Co., Ltd. (天津華夏金信資產評估有限公司) accepted the appointment by Tianjin Tai Kang Investment Co., Ltd., (天津泰康投資有限公司) to perform a valuation on the market value as at 31 May 2021 of the entire shareholders' interests in Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司), which constitutes the subject-matter of the proposed equity transaction of the interest in Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) by Tianjin Tai Kang Investment Co., Ltd., (天津泰康投資有限公司). The valuation was conducted by adopting the asset-based approach, in accordance with necessary valuation procedures and the requirements under relevant laws, administrative regulations and asset valuation standards, and following the principle of independence, objectivity and fairness. The asset valuation is hereby reported as follows:

I. Valuation purpose: Tianjin Tai Kang Investment Co., Ltd. (天津泰康投資有限公司) proposed to enter into the equity transaction in relation to its interest in Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司). In this connection, a valuation is required to be performed on the entire shareholders' interests in Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司), in order to form a basis on which reference can be made for the consideration of the aforesaid economic behavior.

II. Valuation subject and scope of valuation: The entire shareholders' interests in Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司), and the scope of valuation covers the entire assets and liabilities of Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司), including current assets, non-current assets, current liabilities and non-current liabilities.

III. Type of value: Market value.

IV. Appraisal reference date: 31 May 2021.

V. Valuation method: Asset-based approach.

VI. Valuation conclusion:

The income approach refers to the valuation method that determines the value of a valuation subject by capitalising or discounting the expected income. The specific methods commonly involved when using the income approach include the dividend discount method and the discounted cash flow method.

Being an enterprise engaged in manufacturing of machine tools, the valued entity basically provides customers with customised products for their unique applications. Accordingly, the volume of production, sales and material procurement will vary depending on the customers' needs and order book. As the primary raw materials used in the production are commodities, which are subject to price volatility caused by external conditions, we are unable to accurately estimate product costs and other relevant expenditures, including transportation and installation charges. Based on the foregoing, it is hard to make reasonable predictions about future operations and revenues. Therefore, it is inappropriate to adopt the income approach in this valuation.

The market approach refers to the valuation method that determines the value of a valuation subject by comparing the valuation subject with comparable listed companies or comparable transaction cases. There are two commonly used specific methods under the market approach, which are listed-company comparison and transaction-case comparison.

In view that only one company among domestic listed companies has a business model that is identical with or very similar to the valued entity, there are no more listed companies available in terms of comparability and validity in the market. Thus, it is inappropriate to adopt the listed-company comparison method. For the transaction-case comparison method, it is difficult to obtain the similar precedents in terms of comparability and validity, as transaction cases in the domestic open market are limited. Thus, the adoption of transaction-case comparison method is not appropriate. Hence, the market approach has not been adopted for the valuation.

The asset-based approach refers to the valuation method that reasonably determines the value of valuation subject by appraising the value of various assets and liabilities on and off the balance sheets, based on the balance sheet of the valued entity as of the appraisal reference date.

Given that the various assets and liabilities of the valued entity on and off the balance sheets can be identified as at the appraisal reference date, the valuation of identifiable assets and liabilities can be individually appraised by appropriate valuation approaches. As the valued entity does not have assets and liabilities which are unidentifiable and may have material impact to the valuation conclusion, the adoption of asset-based approach is the most appropriate approach for the valuation.

Having taken into account the above factors together with the purpose of this valuation and the characteristics of the valuation subject, we adopt the asset-based approach for the valuation.

In accordance with the valuation conducted under the asset-based approach, the valuation conclusion of Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) as at 31 May 2021 was as follows:

The book value of total assets was RMB1,321,008,300, the appraised value was RMB1,454,797,900 and the appreciation amount was RMB133,789,600 with the appreciation rate at 10.13%; the book value of total liabilities was RMB808,630,000, the appraised value was RMB801,606,300 and the depreciation amount was RMB7,023,700 with the depreciation rate at 0.87%; the book value of net assets was RMB512,378,300, the appraised value was RMB653,191,600 and the appreciation amount was RMB140,813,300 with the appreciation rate at 27.48%.

For further details of the valuation results, please refer to the following table:

Items		Book value	Appraised value	Appreciation/	Appreciation/
		(RMB0'000)	(RMB0'000)	depreciation	depreciation
		A	B	C=B-A	D=C/A × 100%
1	Current assets	104,846.08	107,178.19	2,332.11	2.22
2	Non-current assets	27,254.75	38,301.61	11,046.85	40.53
3	Of which Available-for-sale financial assets	—	—	—	
4	Held-to-maturity investment	—	—	—	
5	Long-term receivables	—	—	—	
6	Long-term equity investment	169.93	16.31	-153.62	-90.40
7	Investment property	—	—	—	
8	Fixed assets	17,726.09	22,415.60	4,689.51	26.46
9	Projects under construction	—	—	—	
10	Materials for projects	—	—	—	
11	Fixed assets disposed	—	—	—	
12	Bio-assets for production purpose	—	—	—	
13	Oil and gas assets	—	—	—	
14	Intangible assets	8,859.21	15,374.62	6,515.41	73.54
15	Development expenses	495.08	495.08	—	—
16	Goodwill	—	—	—	
17	Long-term deferred expenses	4.43	—	-4.43	-100.00
18	Deferred income tax assets	—	—	—	
19	Other non-current assets	—	—	—	
20	Total assets	132,100.83	145,479.79	13,378.96	10.13
21	Current liabilities	80,036.69	80,036.69	—	—
22	Non-current liabilities	826.32	123.95	-702.37	-85.00
23	Total liabilities	80,863.00	80,160.63	-702.37	-0.87
24	Net assets (owners' equities)	51,237.83	65,319.16	14,081.33	27.48

Upon valuation on assets and liabilities of the valued entity within the valuation scope by using the assets-based approach, the result of the valuation of the entire shareholders' interests in Tianjin Tianduan Press Co., Ltd. (天津市天鍛壓力機有限公司) was RMB653,191,600. There were differences between the appraised value of certain assets and liabilities and their book values. The details and main reasons of the changes are as follows:

(a) Current assets

The current assets under the scope of appraisal included monetary funds, notes receivables, accounts receivables, prepayment, other receivables, inventories and other current assets.

Current assets	Book value (RMB)	Appraised value (RMB)	Appreciation/ depreciation amount (RMB)	Percentage of appreciation/ depreciation (%)
Cash and bank balance	286,130,463.38	286,130,463.38	0	0
Notes receivables	91,779,262.08	91,779,262.08	0	0
Accounts receivables	185,501,913.23	185,501,913.23	0	0
Prepayment	26,929,698.17	26,929,698.17	0	0
Other receivables	23,395,767.34	23,395,767.34	0	0
Inventories	433,319,480.86	456,640,556.57	23,321,075.70	5.38
Other current assets	1,404,211.82	1,404,211.82	0	0
Total current assets	1,048,460,796.88	1,071,781,872.59	23,321,075.70	2.22

The appraisal results of inventories are set out as follows:

Items	Book value (RMB)	Appraised value (RMB)	Appreciation/ depreciation amount (RMB)	Percentage of appreciation/ depreciation (%)
Raw materials	30,891,473.07	37,599,620.19	6,708,147.12	21.72
Finished goods	54,639,825.51	57,897,565.52	3,257,740.01	5.96
Work-in-progress products	347,788,182.28	361,143,370.86	13,355,188.58	3.84
Total inventories	433,319,480.86	456,640,556.57	23,321,075.70	5.38

The reasons for appreciation or depreciation of appraised value of inventories are as follows:

(1) The appreciation of raw materials was mainly due to the increase in market price of steel materials which represented the primary components of raw materials.

(2) The appreciation of finished products and work-in-progress products was mainly because most of them were customised products which commanded higher profit margin and therefore carried at higher net realisable value than their book value.

(b) Long-term equity investment

As at the appraisal reference date, the book value of two long-term equity investments amounted to RMB1,699,320.00. Their details are as follows:

No	Name of the investee company	Date of investment	Percentage of shareholding	Cost of investment (RMB)	Book value (RMB)	Appraised value (RMB)	Appreciation/ depreciation amount (RMB)	Percentage of appreciation/ depreciation (%)
1	Tianjin Tianduan Aviation Technology Co., Ltd. (天津天鍛航空科技有限公司)	2013/12/09	51%	1,699,320.00	1,699,320.00	0	-1,699,320.00	-100
2	Tianjin Tianduan Marine Engineering and Technology Co., Ltd. (天津市天鍛海洋工程技術有限公司)	2015/07/02	35%	0	0	163,082.32	163,082.32	100
Total				1,699,320.00	1,699,320.00	163,082.32	-1,536,237.68	-90.4
Less: Impairment for long term equity investment				0	0			
Net book value of long term equity investment				1,699,320.00	1,699,320.00			

The extended valuation of investee companies had been performed with the appraised value of net assets of investee companies as at the appraisal reference date multiplied by the percentage of its shareholding of the valued entity. The valuation of the valued investee companies with negative net worth was determined to be zero, given that they were limited liability in nature.

The depreciation of long-term equity investments was mainly because the valuation of investee companies had been performed on the entire investee companies and the valuation would then be valued with reference to the appraised reference value of entire shareholding interests multiplied by the percentage of its shareholding, while the book value of the long term equity investments were accounted for using the cost method and thus there was the difference in the results.

(c) Fixed assets

The gross value, net value and appraised value of buildings and structures and other equipment (including machinery, electronic equipment and vehicles) are set out in the table below:

Item	Book value		Appraised value		Appreciation/depreciation amount	
	Gross value	Net value	Gross value	Net value	Gross value	Net value
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
Buildings	218,964,434.83	132,382,125.94	233,481,632.00	147,262,821.00	14,517,197.17	14,880,695.06
Structures and other ancillary facilities	12,662,173.70	1,345,270.69	11,286,020.00	5,043,965.00	-1,376,153.70	3,698,694.31
Total	231,626,608.53	133,727,396.63	244,767,652.00	152,306,786.00	13,141,043.47	18,579,389.37
Fixed assets — machinery	167,685,665.09	43,032,494.02	209,002,034.57	70,114,700.00	41,316,369.48	27,082,205.98
Fixed assets — vehicles	3,687,601.38	184,380.06	506,991.00	988,250.00	-3,180,610.38	803,869.94
Fixed assets — electronic equipment	4,611,936.24	316,657.78	1,764,799.50	746,251.51	-2,847,136.74	429,593.73
Total	175,985,202.71	43,533,531.86	211,273,825.07	71,849,201.51	35,288,622.36	28,315,669.65

The appreciation of the appraised gross value of buildings was due to the increases in material costs and labour costs in recent years, resulting in an increase in replacement costs of buildings. The appreciation of the appraised net value of buildings was mainly due to their economic lives being longer than the accounting depreciation lives adopted by the valued entity such that the actual impairment amount was lower than the accumulated depreciation charges, resulting in an increase in the appraised net value of certain buildings.

The reasons for appreciation or depreciation of appraised value of other equipment (including machinery, electronic equipment and vehicles) are mainly attributable to:

1. The appraiser adopted the replacement cost approach for conducting the valuation of certain used and older equipment. The appreciation of their replacement costs was mainly due to the differences between their book values and initial purchase prices, resulting in their replacement costs being higher than their book values;

2. The valuation of replacement costs varied with the fluctuations in market prices and price index that had valuation impact on replacement costs;

3. The appraised assets' net value were higher than their net book value as a result of the change in newness rates caused by the difference between the accounting depreciation life adopted by the valued entity and the economic life adopted in the valuation.

(d) Intangible assets

The intangible assets under the scope of appraisal included land use rights and other intangible assets (including patents, software copyrights and trademarks).

No	Items	Book value (RMB)	Appraised value (RMB)	Appreciation/ depreciation amount (RMB)	Percentage of appreciation/ depreciation (%)
1	Land use rights	86,772,695.47	137,036,162.00	50,263,466.53	57.93
2	Other intangible assets	1,819,397.32	16,710,000.00	14,890,602.68	818.44
	Total	88,592,092.79	153,746,162.00	65,154,069.21	73.54

Land use rights

The market comparison method and benchmark land price modification method had been adopted for the valuation of land used rights and produced significant different results. As the prices and demands of industrial lands in Beichen District have increased since the land price reference date as at 1 January 2016, the market conditions in this area had changed over a long period of time. As such, the application of market comparison method can determine the normal market land price and it is more reasonable to adopt the valuation result derived by this method.

The book value of intangible assets — land use rights was RMB86,772,695.47, and the appraisal value and appreciation amount were RMB137,036,162.00 and RMB50,263,466.53 respectively. The appreciation of land use rights was mainly due to the land price having shown an increasing trend driven by market demands.

Other intangible assets

The valuation of other intangible assets included patents, software copyrights and trademarks. The valued entity had 29 registered trademarks as well as 185 patents and software copyrights, among which there were 90 invention patents, 84 utility models, 1 design patent, and 10 software copyrights. None of these intangible assets were pledged and the patents were legally allowed for authorised use. The appraised value and appreciation amount of other intangible assets were RMB16,710,000.00 and RMB14,890,602.68 respectively with an appreciation rate at 818.44%. The appreciation in the appraised value of other intangible assets was mainly attributable to an increase in the appraised value of the valued assets, which have not yet reflected its carrying amount in the book of the valued entity and were included in the valuation scope.

(e) Long-term deferred expenses

The long-term deferred expenses included in this valuation mainly represented the expenditure in relation to technical improvement of fixed assets. As the valuation had incorporated all technical improvement expenditure into fixed assets, the appraised book value of long-term deferred expenses become zero and the depreciation amount was RMB44,347.28.

(f) Non-current liabilities

As at the appraisal reference date, the non-current liabilities represented the deferred income, which mainly consisted of subsidies and specific project funding and their book value was RMB8,263,180.01. The appraised value and depreciation amount of deferred income was RMB1,239,477.00 and RMB7,023,703.01 respectively. The depreciation in valuation of deferred income was due to the fact that part of the deferred income did not require to be repaid in the future and the valuation only took into account the relevant tax levies during their amortisation processes.

VII. Valuation assumptions

The following valuation assumptions were used by the appraisers in this valuation:

(I) Basic assumptions

1. Transaction assumption

The transaction assumption is to assume that all assets to be valued are already in the process of transaction, and the appraisers conduct the valuation based on the simulated market such as the transaction conditions for the assets to be valued. It is the most basic assumption for the valuation to be conducted.

2. Open market assumption

The open market assumption is to assume that the parties to the transaction of the assets traded in the market, or the assets to be traded in the market, have equal status and each has the opportunity and time to obtain sufficient market information in order to facilitate the reasonable judgement on the function, use and transaction prices, etc. of the assets. This assumption is based on the fact that assets can be traded publicly in the market.

3. Going concern assumption

The going concern assumption is an assumption made for appraising the assets of an enterprise in the entirety. The enterprise as an operational entity will continue to operate in accordance with its business objectives and management approaches in the existing external environment.

(II) Specific assumptions

1. There have been no major changes in existing relevant laws, regulations and policies and the macroeconomic situation of China, and the political, economic and social environment of the region where the parties to this transaction are located.
2. It is assumed that the company's operators are responsible and the management is capable of taking up their duties.
3. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations.
4. It is assumed that the accounting policies to be adopted by the company in the future are basically the same in important respects as the accounting policies adopted when preparing this report.
5. It is assumed that the company's business scope and approaches are consistent with the current direction based on the existing management methods and management levels.
6. There will be no major changes in interest rates, exchange rates, tax bases and tax rates, and policy levies.
7. No other force majeure and unpredictable factors will have significant adverse effects on the company.
8. In this valuation, no consideration has been taken into account of the impact of the security and guarantee that the entire shareholding interests and relevant assets of the valued entity may be subject to the valuation conclusion.
9. In this valuation, it is assumed that the basic information and financial information provided by the principal and the valued entity are true, accurate and complete; the scope of the valuation is only based on the statements used for valuation provided by the principal and the valued entity, and no consideration is taken into account of the contingent assets and contingent liabilities that may fall beyond the list provided by the principal and the valued entity.
10. The key technical personnel, R&D team, marketing team and management team of the valued entity are relatively stable and will not undergo major changes.
11. The contracts, agreements, and bid-winning documents that are being performed or not yet performed provided by the valued entity are all valid and will be completed as scheduled.

VIII. Date of valuation report

The date of the valuation report is 12 August 2021. The conclusion of this report is valid for one year from 31 May 2021 (i.e. the appraisal reference date) and ending on 30 May 2022.

Tianjin Huaxia Jinxin Assets Valuation Co., Ltd.
(天津華夏金信資產評估有限公司)

Asset valuer: Liu Ju

Asset valuer: Liu Changli

12 August 2021

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, so far as was known to the Directors, the following Directors were also directors or employees of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company	Position
Mr. Zhang Bingjun	Tianjin Tsinlien Investment Holdings Co., Ltd. (天津津聯投資控股有限公司) ("Tsinlien Investment Holdings")	Chairman
	Tsinlien	Chairman
Mr. Chen Yanhua	Tsinlien Investment Holdings	Director and General Manager
	Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司) ("Tianjin Bohai") Tsinlien	Chairman Director and General Manager
Dr. Li Xiaoguang	Tsinlien Investment Holdings	Deputy General Manager
	Tsinlien	Deputy General Manager

Name of Director	Name of company	Position
Mr. Zhuang Qifei	Tsinlien Investment Holdings Tsinlien	Deputy General Manager Deputy General Manager
Mr. Cui Xiaofei	Tianjin TEDA Investment Holding Co., Ltd. (天津泰達投資控股有限公司) (“TEDA Holding”) Tsinlien Investment Holdings Tsinlien	Deputy General Manager Deputy General Manager Deputy General Manager

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS’ INTERESTS

As at the Latest Practicable Date, the following persons or corporations, other than the Directors or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Notes	Capacity	Number of shares held	Approximate percentage of total issued shares
TEDA Holding	1&2	Interest of controlled corporation	673,759,143	62.81%
Tsinlien Investment Holdings	1&2	Interest of controlled corporation	673,759,143	62.81%
Tianjin Bohai	1&2	Interest of controlled corporation	673,759,143	62.81%
Tsinlien	1&3	Direct beneficial interest and interest of controlled corporation	673,759,143	62.81%

Notes:

- All interests stated above represent long positions.
- Tsinlien is a direct wholly-owned subsidiary of Tianjin Bohai which in turn is a direct wholly-owned subsidiary of Tsinlien Investment Holdings and an indirect wholly-owned subsidiary of TEDA Holding. By virtue of the SFO, TEDA Holding, Tsinlien Investment Holdings and Tianjin Bohai are deemed to be interested in the same parcel of shares of the Company in which Tsinlien is interested.
- As at the Latest Practicable Date, Tsinlien directly held 22,960,000 shares of the Company and its wholly-owned subsidiaries, namely Tianjin Investment Holdings Limited, Tsinlien Venture Capital Company Limited and Tsinlien Investment Limited held 568,017,143 shares, 2,022,000 shares and 80,760,000 shares of the Company respectively. By virtue of the SFO, Tsinlien is deemed to have an interest in the shares of the Company in which Tianjin Investment Holdings Limited, Tsinlien Venture Capital Company Limited and Tsinlien Investment Limited are interested.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person or corporation, other than the Directors or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been, since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested, whether directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any members of the Group which did not expire or was not determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Zhang Bingjun and Mr. Chen Yanhua are directors of Tsinlien Investment Holdings which, through certain of its subsidiaries, is partly engaged in the businesses of pharmaceutical including manufacture and sale of medicinal raw materials, food additive and medical disinfecting products. As these businesses are of different types and/or different sales regions, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of Tsinlien Investment Holdings.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors and his or her associates were appointed to represent the interests of the Company and/or the Group.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which is included in this circular:

Name	Qualification
Tianjin Huaxia Jinxin Assets Valuation Co., Ltd. (天津華夏金信資產評估有限公司)	Independent valuer

The Independent Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the Independent Valuer did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Valuer did not have any direct or indirect interest in any assets which have been, since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company or any of its subsidiaries which are or may be material:

- (a) the facility agreement dated 3 December 2019 entered into between the Company and a syndicate of banks in relation to a HK\$2,000,000,000 term loan facility for a period of 36 months commencing from the date of utilisation;
- (b) the wealth management agreement dated 29 April 2020 entered into between Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) and Industrial Bank Co., Ltd. (興業銀行股份有限公司) in relation to the subscription of wealth management products in the amount of RMB60,000,000;
- (c) the wealth management agreement dated 29 April 2020 entered into between Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) and China Merchants Bank Co., Ltd. (招商銀行股份有限公司) in relation to the subscription of wealth management products in the amount of RMB40,000,000;

- (d) the wealth management agreement dated 7 May 2020 entered into between Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) and Industrial Bank Co., Ltd. (興業銀行股份有限公司) in relation to the subscription of wealth management products in the amount of RMB60,000,000;
- (e) the wealth management agreement dated 11 May 2020 entered into between Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) and China Merchants Bank Co., Ltd. (招商銀行股份有限公司) in relation to the subscription of wealth management products in the amount of RMB30,000,000;
- (f) the wealth management agreement dated 18 May 2020 entered into between Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) and China Merchants Bank Co., Ltd. (招商銀行股份有限公司) in relation to the subscription of wealth management products in the amount of RMB50,000,000;
- (g) the conditional state-owned equity transfer agreement dated 18 June 2020 entered into between the Company and Tianjin Food Group Co., Ltd. (天津食品集團有限公司) in relation to the disposal of the entire equity interest in Tianjin Heavenly Palace Winery Co., Ltd. (天津天宮葡萄酒有限公司) at a consideration of RMB331,922,200;
- (h) the wealth management agreement dated 7 July 2020 entered into between Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) and Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司) in relation to the subscription of wealth management products in the amount of RMB70,000,000;
- (i) the wealth management agreement dated 5 August 2020 entered into between Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司) and Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司) in relation to the subscription of wealth management products in the amount of RMB60,000,000; and
- (j) the application form executed by Learder Top Investments Limited (利達高投資有限公司) on 7 September 2020 in relation to the subscription of certain redeemable investment shares of Everbright Strategic Select Fund SPC (光大策略精選基金獨立投資組合公司) for a total subscription amount of US\$20,000,000 on terms and conditions of the relevant private placing memorandum and side letter.

11. GENERAL

- (a) The registered office of the Company is at Suites 7-13, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (b) The share registrar and transfer office of the Company is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (c) The secretary of the Company is Ms. Lee Su Yee, Bonnia, who is an associate member of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute.
- (d) The English language text of this circular shall prevail over the Chinese language text in case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on a business day in Hong Kong at the registered office of the Company at Suites 7-13, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2019 and 2020;
- (c) the Equity Transfer Agreement;
- (d) the material contracts referred to in the section headed “Material Contracts” of this appendix;
- (e) the Valuation Report;
- (f) the written consent referred to in the section headed “Qualification and Consent of Expert” of this appendix; and
- (g) this circular.