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天津发展控股有限公司
TIANJIN DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 882)

**COMPLETION OF THE
ACQUISITION OF 67% OF THE ISSUED SHARE CAPITAL OF
THRIVE LEAP LIMITED
AND
CONTINUING CONNECTED TRANSACTIONS**

Completion of the Acquisition

The Board announces that the Acquisition has been completed on 21 December 2015. Following Completion, Thrive Leap has become a 67%-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

Continuing Connected Transactions

On 21 December 2015, the Company and Tianjin Pharmaceutical entered into the Master Sales Agreement in relation to the Sales Transactions.

Tianjin Pharmaceutical is a connected person of the Company under the Listing Rules. Following Completion, the Thrive Leap Group has become part of the Group and accordingly, the Sales Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the relevant percentage ratios (other than the profits ratio) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Cap Amount are more than 0.1% but less than 5% and the Cap Amount exceeds HK\$3,000,000, the Sales Transactions constitute non-exempt continuing connected transactions and are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Group will comply with the relevant requirements under the Listing Rules with regard to the Sales Transactions and any other continuing connected transactions that may in future continue or arise as appropriate.

COMPLETION OF THE ACQUISITION

References are made to the circular of the Company dated 21 August 2015 and the poll result announcement of the Company dated 9 September 2015 in relation to the Acquisition.

The Board announces that all the conditions under the Agreement have been fulfilled and the Acquisition has been completed on 21 December 2015. Following Completion, Thrive Leap has become a 67%-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

CONTINUING CONNECTED TRANSACTIONS

Prior to Completion, members of the Thrive Leap Group had from time to time in their ordinary course of business been selling the Products to members of the Tianjin Pharmaceutical Group. As it is anticipated that the Thrive Leap Group (now being part of the Group) will continue to enter into the Sales Transactions with the Tianjin Pharmaceutical Group in their ordinary course of business after Completion, the Company had therefore on 21 December 2015 entered into the Master Sales Agreement with Tianjin Pharmaceutical to regulate the Sales Transactions between the Group and the Tianjin Pharmaceutical Group. The principal terms of the Master Sales Agreement are set out below.

THE MASTER SALES AGREEMENT

Date

21 December 2015

Parties

- (i) the Company; and
- (ii) Tianjin Pharmaceutical

Subject matter

Pursuant to the Master Sales Agreement, members of the Group shall from time to time sell Products to members of the Tianjin Pharmaceutical Group according to their needs, and shall charge the Tianjin Pharmaceutical Group relevant fees for such Products.

Duration

The Master Sales Agreement is for a term commencing from 21 December 2015 to 30 April 2016 (both days inclusive) unless terminated by either party by giving one month's notice in writing.

Pricing basis and other terms

The relevant member(s) of the Group and the relevant member(s) of the Tianjin Pharmaceutical Group will enter into separate sales contract(s) with respect to each of the Sales Transactions in accordance with the principal terms as set out in the Master Sales Agreement.

The price of the Products to be sold by members of the Group to members of the Tianjin Pharmaceutical Group shall be determined in accordance with the following principles:

- (a) the price shall be that which members of the Group charge their independent third party customers in respect of the same Products under the same conditions;
- (b) where there is no reference price available as stated in (a) above (e.g. in the case of the launch of new Products), the price shall be determined with reference to the costs incurred by members of the Group in producing the new Products plus a reasonable profit margin, and taking into account, among others, market conditions and the price of similar products offered by independent third party suppliers in the same region; or
- (c) discounts may be given depending on the quantity ordered and such discounts as well as the payment terms should be no more favourable to the Tianjin Pharmaceutical Group than those offered by the Group to its independent third party customers.

The Group will regularly review the market price of the Products and compare the selling price of the Products with similar products on the market before the approval of separate sales contracts between members of the Group and members of the Tianjin Pharmaceutical Group to ensure that the Sales Transactions will be conducted in the interest of the Group.

Historical figures and the Cap Amount

The aggregate amounts paid by the Tianjin Pharmaceutical Group to the Thrive Leap Group in respect of the Sales Transactions for each of the three years ended 31 December 2012, 2013 and 2014 and the eleven months ended 30 November 2015 were approximately HK\$298,300,000, HK\$239,200,000, HK\$227,200,000 and HK\$207,700,000 respectively.

It is expected that the aggregate amount receivable by the Group from the Tianjin Pharmaceutical Group in respect of the Sales Transactions during the term of the Master Sales Agreement would not exceed RMB103,350,000 (equivalent to approximately HK\$129,200,000) (the “**Cap Amount**”). The Cap Amount was determined by reference to the historical amounts for the Sales Transactions.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALES TRANSACTIONS

Members of the Thrive Leap Group had been selling the Products to members of the Tianjin Pharmaceutical Group prior to Completion. The Directors are of the view that continuation of the Sales Transactions will enable the Thrive Leap Group to maintain its long-term cooperative relationship with the Tianjin Pharmaceutical Group, thus provide a stable source of income for the Group.

The Directors (including the independent non-executive Directors) believe that the Sales Transactions will be conducted in the ordinary and usual course of business of the Group, the terms of the Master Sales Agreement are on normal commercial terms after arm’s length negotiation and are fair and reasonable and in the interest of the Group and the Shareholders as a whole. The Directors (including the independent non-executive Directors) also believe that the Cap Amount is fair and reasonable and in the interest of the Group and the Shareholders as a whole.

None of the Directors has a material interest in the Sales Transactions contemplated under the Master Sales Agreement and the transactions contemplated thereunder. Notwithstanding, as Dr. Chan Ching Har, Eliza, non-executive Director, is acquainted with the ex-chairman of Tianjin Pharmaceutical, in view of good corporate governance practices, she has voluntarily abstained from voting on the Board resolutions approving the Master Sales Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tianjin Pharmaceutical indirectly holds a total of 673,753,143 shares of the Company (representing approximately 62.80% of the total number of issued shares of the Company) and hence a connected person of the Company under the Listing Rules. Following Completion, the Thrive Leap Group has become part of the Group and accordingly, the Sales Transactions, which are to be carried out on a continuing or recurring basis and are expected to continue and extend over a period of time, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the relevant percentage ratios (other than the profits ratio) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Cap Amount are more than 0.1% but less than 5% and the Cap Amount exceeds HK\$3,000,000, the Sales Transactions constitute non-exempt continuing connected transactions and are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Group will comply with the relevant requirements under the Listing Rules with regard to the Sales Transactions and any other continuing connected transactions that may in future continue or arise as appropriate.

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; (iii) electrical and mechanical including the manufacture and sale of presses, mechanical and hydroelectric equipment and large scale pump units; and (iv) strategic and other investments including investments in associates which are principally engaged in the manufacture of elevators and escalators and provision of port services in Tianjin.

Tianjin Pharmaceutical is a state-owned enterprise established in the PRC. It principally engages in the manufacture and sale of a broad range of pharmaceutical products, research and development, and provision of related consultancy services.

DEFINITIONS

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

“Acquisition”	the acquisition of 67% of the issued share capital of Thrive Leap by Century Promise from Golden Tripod, particulars of which are set out in the circular of the Company dated 21 August 2015
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“Agreement”	the conditional sale and purchase agreement dated 22 July 2015 entered into among Century Promise, Golden Tripod, Tsinlien and Tianjin Pharmaceutical in relation to the Acquisition
“Board”	the board of Directors
“Century Promise”	Century Promise Limited (世諾有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Company”	Tianjin Development Holdings Limited (天津發展控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 882)
“Completion”	completion of the Acquisition pursuant to the Agreement
“Directors”	directors of the Company
“Golden Tripod”	Golden Tripod Holdings Limited (金鼎控股有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Tsinlien
“Group”	the Company and its subsidiaries, including the Thrive Leap Group
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Sales Agreement”	the agreement dated 21 December 2015 entered into between the Company and Tianjin Pharmaceutical in relation to the sales of the Products by the Group to the Tianjin Pharmaceutical Group, particulars of which are set out in the section titled “ <i>The Master Sales Agreement</i> ” of this announcement
“PRC”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Products”	various chemical drug products and pharmaceutical printing and packaging products manufactured by members of the Group

“RMB”	Renminbi, the lawful currency of the PRC
“Sales Transactions”	the sales of the Products by members of the Group to members of the Tianjin Pharmaceutical Group
“Shareholders”	holders of the shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thrive Leap”	Thrive Leap Limited (隆騰有限公司), a company incorporated in the Cayman Islands with limited liability, which prior to Completion was a wholly-owned subsidiary of Golden Tripod and since Completion is an indirect 67%-owned subsidiary of the Company
“Thrive Leap Group”	Thrive Leap and its subsidiaries
“Tianjin Pharmaceutical”	Tianjin Pharmaceutical Group Co., Ltd. (天津市醫藥集團有限公司), a state-owned enterprise established in the PRC wholly-owned by the Tianjin Municipal People’s Government (天津市人民政府) and the holding company of Tsinlien
“Tianjin Pharmaceutical Group”	Tianjin Pharmaceutical and its subsidiaries (other than members of the Group) from time to time after Completion
“Tsinlien”	Tsinlien Group Company Limited (津聯集團有限公司), the controlling shareholder of the Company

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 RMB0.80 = 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
Zeng Xiaoping
Chairman

Hong Kong, 21 December 2015

As at the date of this announcement, the Board consists of Mr. Zeng Xiaoping, Mr. Wang Zhiyong, Mr. Tuen Kong, Simon, Dr. Cui Di, Ms. Zhang Lili, Dr. Yang Chuan, 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*