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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)**

## **DISCLOSEABLE TRANSACTION**

### **RESUMPTION OF THE PROPERTIES HELD BY TIANJIN LISHENG PHARMACEUTICAL CO., LTD.**

Reference is made to the announcement of the Company dated 26 July 2023 in relation to the potential resumption of the Properties by Tianjin Municipal People's Government, Nankai District from Lisheng Pharmaceutical, a non-wholly owned subsidiary of the Company.

On 10 August 2023, Lisheng Pharmaceutical entered into the Compensation Agreements with Tianjin Chengda Housing in relation to the Resumption at the Compensation of RMB247,900,000 (equivalent to approximately HK\$269,456,522).

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Compensation exceeds 5% but all applicable percentage ratios are less than 25%, the Resumption constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 26 July 2023 in relation to the potential resumption of the Properties by Tianjin Municipal People's Government, Nankai District from Lisheng Pharmaceutical, a non-wholly owned subsidiary of the Company.

The Company was informed by Lisheng Pharmaceutical that the shareholders' resolution on approving the Resumption was duly passed at its general meeting held on 10 August 2023.

#### **THE COMPENSATION AGREEMENTS**

On 10 August 2023, Lisheng Pharmaceutical entered into the Compensation Agreements with Tianjin Chengda Housing, pursuant to which Lisheng Pharmaceutical agreed to surrender, and Tianjin Chengda Housing agreed to resume the Properties, subject to the terms and conditions of the Compensation Agreements. The principal terms of the Compensation Agreements are set out below.

**Date**

10 August 2023

**Parties**

- (1) Lisheng Pharmaceutical (as transferor)
- (2) Tianjin Chengda Housing (designated by the Tianjin Municipal People's Government, Nankai District as transferee)

**Properties to be resumed**

The Properties comprised of parcels of land and buildings for industrial use and are located at No. 491, Huanghe Road, Nankai District, Tianjin, PRC (中國天津市南開區黃河道 491 號) divided into two sections pursuant to the relevant licenses for land use, the former having a land area of 13,317.50 square meters and a construction area of 8,030.80 square meters, and the latter having a land area of 16,629.10 square meters and a construction area of 11,180.16 square meters. As at the date of this announcement, Lisheng Pharmaceutical is the registered and beneficial owner of the Properties and has the exclusive right of use of the Properties.

**The Compensation and payment terms**

The Compensation in aggregate shall be RMB247,900,000 (equivalent to approximately HK\$269,456,522) and shall be payable in cash by Tianjin Chengda Housing to Lisheng Pharmaceutical in the following manner:-

- (1) the first instalment in the amount of RMB120,000,000 (equivalent to approximately HK\$130,434,783) shall be payable within 10 business days after the signing of the Compensation Agreements. Upon receipt of such payment, Lisheng Pharmaceutical shall simultaneously deliver to Tianjin Chengda Housing all the original title documents and registration documents in relation to the Properties;
- (2) upon receipt of the second instalment in the amount of RMB100,000,000 (equivalent to approximately HK\$108,695,652), Lisheng Pharmaceutical shall within 10 business days surrender the Properties to Tianjin Chengda Housing in vacant possession and register the transfer of the land title;
- (3) the balance amount of the Compensation shall be payable in one lump sum within 5 business days upon the completion of the registration of transfer of the land title of the Properties.

The Compensation is determined at arm's length negotiation between the parties taking into account the valuation of the Properties under the Valuation Reports. The Compensation shall be all inclusive, covering the compensation for housing (on an as-is basis at the time of surrender of the Properties), the compensation fee for such land, the costs of personnel resettlement, relocation, equipment relocation, vacation of lessees (if any), discharge of leases, mortgages, and foreclosure (if any) etc. and relevant taxes in relation to such land and housing.

Upon receipt of the Compensation, Lisheng Pharmaceutical shall not make further request of and shall not be entitled to any other compensation in respect of the Properties. At the same time, upon the surrender of the Properties on an as-is basis at such time and the completion of the cancellation registration of the land title, the parties shall have no further dispute on the Compensation, maintenance and recovery of the land foundation or other matters in relation to the land resumption.

## **INFORMATION ON THE PROPERTIES**

The Properties are currently used as one of the office premises of Lisheng Pharmaceutical with approximately 260 sales and marketing staff. Upon completion of the Resumption, the relevant staff will be relocated to other existing office premises of Lisheng Pharmaceutical. Lisheng Pharmaceutical will achieve annual operation costs savings of approximately RMB10,000 (equivalent to approximately HK\$10,870) as a result of such relocation.

Based on the financial information of Lisheng Pharmaceutical as at 31 March 2023, the unaudited carrying value of the Properties was approximately RMB9,259,200 (equivalent to approximately HK\$10,064,348). Based on the Valuation Reports, as at 31 March 2023, the appraised value of the Properties (inclusive of capital gains tax) was RMB243,527,000 (equivalent to approximately HK\$264,703,261).

The unaudited net operating loss attributable to the Properties for the two financial years ended 31 December 2021 and 31 December 2022 were approximately RMB2,758,000 (equivalent to approximately HK\$2,997,826) and RMB2,539,800 (equivalent to approximately to HK\$2,760,652), respectively.

## **FINANCIAL EFFECT OF THE RESUMPTION AND USE OF PROCEEDS**

Lisheng Pharmaceutical is expected to record an unaudited gain of approximately RMB183,260,800 (equivalent to approximately HK\$199,196,522) as a result of the Resumption. The estimated gain is calculated with reference to the aggregate amount of Compensation and the unaudited carrying value of the Properties as at 31 March 2023. The actual gain that Lisheng Pharmaceutical is able to realise will depend on the actual payment of relevant tax expenses incidental to the Resumption, the relevant transaction costs and the actual carrying value of the Properties on the date of transfer of titles, subject to audit by the Company's auditors.

After the deduction of transaction costs and tax expenses payment, Lisheng Pharmaceutical intends to apply the proceeds of the Compensation as its general working capital.

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

The Resumption is part of Tianjin's overall city urban planning and shall be conducted in accordance with the relevant laws and regulations. Given that the Compensation is no less than the assessed valuation of the Properties, the Board considers that the Resumption will enhance the operational efficiency of the assets of the Group, reduce operational costs, and optimise the Group's assets structure. The Board believes that the proceeds from the Compensation can further strengthen the cash flow of the Group and will allow the Group to reallocate its resources for future development.

The Directors are of the view that the terms and conditions of the Compensation Agreements are on normal commercial terms and are fair and reasonable, and the Resumption is in the best interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Compensation exceeds 5% but all applicable percentage ratios are less than 25%, the Resumption constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INFORMATION ON THE PARTIES**

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 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.

Lisheng Pharmaceutical and its subsidiaries are principally engaged in the manufacturing and sale of chemical drugs in the PRC. As at the date of this announcement, the Company has an effective interest of approximately 34.12% of the issued share capital of Lisheng Pharmaceutical.

Tianjin Chengda Housing is principally engaged in housing demolition, landscaping projects, construction materials wholesale and retail, leasing of housing, sites, machines and equipment, and vehicles. As at the date of this announcement, Tianjin Chengda Housing is an indirectly wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People's Government, Nankai District (天津市南開區人民政府國有資產監督管理委員會). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Tianjin Chengda Housing and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, 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)

“Compensation”	the compensation to be received by Lisheng Pharmaceutical as a result of the Resumption
“Compensation Agreements”	the Main Compensation Agreement and the Supplemental Compensation Agreement
“Directors”	the 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 People’s Republic of China
“Lisheng Pharmaceutical”	Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司), a joint stock limited company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company, which is listed on the A Shares Market of the Shenzhen Stock Exchange (Stock Code: 002393). As at the date of this announcement, the Company indirectly holds approximately 34.12% of the issued share capital of Lisheng Pharmaceutical
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Compensation Agreement”	the compensation agreement dated 10 August 2023 entered into between Lisheng Pharmaceutical and Tianjin Chengda Housing in relation to the Resumption
“Resumption”	the resumption of the right of use of land by the Tianjin Municipal People’s Government, Nankai District (天津市南開區人民政府) in respect of the Properties currently held by Lisheng Pharmaceutical
“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)
“Properties”	the parcels of land and buildings for industrial use which are located at No. 491, Huanghe Road, Nankai District, Tianjin, PRC (中國天津市南開區黃河道491號) divided into two sections pursuant to the relevant licenses for land use, the former having a land area of 13,317.50 square meters and a construction area of 8,030.80 square meters, and the latter having a land area of 16,629.10 square meters and a construction area of 11,180.16 square meters
“RMB”	Renminbi, the lawful currency of the PRC

“Supplemental Compensation Agreement”	the supplemental agreement dated 10 August 2023 entered into between Lisheng Pharmaceutical and Tianjin Chengda Housing in relation to the Resumption, which supplements and forms part of the Main Compensation Agreement
“Shareholder(s)”	holder(s) of share(s) in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Chengda Housing”	Tianjin Chengda Housing Demolition Co., Ltd. (天津市城達房屋拆遷有限公司), a company established under the laws of the PRC with limited liability and an indirectly wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People’s Government, Nankai District (天津市南開區人民政府國有資產監督管理委員會)
“Valuation Reports”	the valuation reports of the Properties prepared by Beijing Guorong Xinghua Asset Valuation Co., Ltd. (北京國融興華資產評估有限責任公司), using the market approach with 31 March 2023 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 RMB0.92 = 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 Gang**  
*Chairman and Executive Director*

Hong Kong, 10 August 2023

*As at the date of this announcement, the Board of the Company consists of Mr. Wang Gang, Dr. Li Xiaoguang, Mr. Teng Fei, Mr. Sun Lijun\*, Ms. Ng Yi Kum, Estella\*\*, Mr. Wong Shiu Hoi, Peter\*\*, Mr. Lau Ka Keung\*\* and Mr. Sin Hendrick\*\*.*

\* *non-executive director*

\*\* *independent non-executive director*