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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 15% EQUITY INTEREST IN TIANJIN PHARMACEUTICAL GROUP FINANCE CO., LTD. HELD BY TIANJIN LISHENG PHARMACEUTICAL CO., LTD.

The Board announces that Lisheng Pharmaceutical, an indirect non-wholly owned subsidiary of the Company, intends to dispose of all of its 15% equity interest in Tianjin Pharmaceutical Finance by way of public listing-for-sale process. The initial bidding price for the Potential Disposal is RMB87,823,860 (equivalent to approximately HK\$95,460,717).

As one or more of the 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 all of them are expected to be 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 Lisheng Pharmaceutical. 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 Lisheng Pharmaceutical, an indirect non-wholly owned subsidiary of the Company, intends to dispose of all of its 15% equity interest in Tianjin Pharmaceutical Finance. 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.

The initial bidding price for the Potential Disposal is RMB87,823,860 (equivalent to approximately HK\$95,460,717), determined with reference to the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC and the appraised value of Tianjin Pharmaceutical Finance 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. Lisheng Pharmaceutical will enter into a formal agreement with the successful bidder following completion of the public listing-for-sale process. The final consideration for the Potential Disposal will be payable by the successful bidder to a designated account in one lump sum within a specified period of time after the signing of the formal agreement. The Potential Disposal is conditional upon, *inter alia*, (i) obtaining approval by the shareholders at the general meeting of the Company in accordance with the Listing Rules (if applicable); and (ii) obtaining approval from the relevant regulatory authority for the shareholder qualification of the successful bidder in Tianjin Pharmaceutical Finance.

Upon completion of the Potential Disposal, the Company will not hold any equity interest in Tianjin Pharmaceutical Finance.

INFORMATION ON TIANJIN PHARMACEUTICAL FINANCE

Tianjin Pharmaceutical Finance is a limited liability company established in the PRC and is principally engaged in the provision of financial services to members of Tianjin Pharmaceutical Group but not to other parties.

Set out below is the audited financial information of Tianjin Pharmaceutical Finance (prepared in accordance with China Accounting Standards for Business Enterprises) for the two financial years ended 31 December 2021 and 31 December 2022:

	For the year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net Assets	584,911.6	570,702.9
Profit before tax	28,087.7	30,529.9
Profit after tax	21,109.3	23,039.9

According to the Valuation Report, the appraised net assets of Tianjin Pharmaceutical Finance was RMB585,492,400 (equivalent to approximately HK\$636,404,783).

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

With a view to further concentrate resources on its core business, the Group has been reducing its investments in non-core investment progressively. Since the change of shareholding structure of intermediate controlling shareholder of the Company in 2020, Lisheng Pharmaceutical became an affiliated company of Tianjin Pharmaceutical Group and rarely had close business relationship to Tianjin Pharmaceutical Finance, which primarily provides financial services to members of Tianjin Pharmaceutical Group but not to other parties. The Board considers that the Potential Disposal, if materialised, 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 Potential Disposal can further strengthen the cash flow of the Group and will allow the Group to reallocate its resources for future development and investment. The possible financial effect of the Potential Disposal on the Group will depend on the final bid price, the actual payment of relevant tax expenses incidental to the Potential Disposal and the relevant transaction costs, subject to audit by the Company's auditors.

LISTING RULES IMPLICATIONS

As one or more of the 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 all of them are expected to be 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.

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 Pharmaceutical Finance is principally engaged in the provision of financial services to business enterprise groups in the PRC. As at the date of this announcement, Tianjin Pharmaceutical Finance is owned as to 50%, 15%, 15%, 15% and 5% by Tianjin Pharmaceutical, Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (津藥達仁堂集團股份有限公司), Lisheng Pharmaceutical, Tianjin Yaoye Group Co., Ltd. (天津藥業集團有限公司) and Tianjin Jin Yi Investment Guarantee Co., Ltd. (天津金益投資擔保有限責任公司) respectively.

GENERAL

The Board wishes to emphasize that as at the date of this announcement, no binding agreement in relation to the Potential Disposal has been entered into by Lisheng Pharmaceutical. 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 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)
“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
“Potential Disposal”	the potential disposal of the entire 15% equity interest in Tianjin Pharmaceutical Finance by Lisheng Pharmaceutical 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”	the 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
“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 which is directly held as to 33% by an intermediate controlling Shareholder, 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 Pharmaceutical Finance”	Tianjin Pharmaceutical Group Finance Co., Ltd. (天津醫藥集團財務有限公司), a company established under the laws of the PRC with limited liability which is owned as to 15% by Lisheng Pharmaceutical
“Tianjin Pharmaceutical Group”	Tianjin Pharmaceutical and its subsidiaries
“Valuation Report”	the valuation report of Tianjin Pharmaceutical Finance prepared by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. (北京華亞正信資產評估有限公司), 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, 25 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*