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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 ACQUISITION OF 65% EQUITY INTEREST IN JIANGXI QINGCHUN KANGYUAN PHARMACEUTICAL CO., LTD.

The Board announces that Lisheng Pharmaceutical, an indirect non-wholly owned subsidiary of the Company, intends to acquire 65% equity interest in Jiangxi Qingchun Kangyuan Pharmaceutical Co., Ltd. (江西青春康源製藥有限公司), subject to the approval by the shareholders at the general meeting of Lisheng Pharmaceutical.

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 Acquisition is expected to be more than 5% but less than 25%, the Potential Acquisition, if materialised, will constitute a discloseable transaction of the Company and will 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 Acquisition 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 Acquisition may or may not materialise, and even if the Formal Agreement is entered into, the completion of the Potential Acquisition may or may not take place, 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.

POTENTIAL ACQUISITION

The Board announces that Lisheng Pharmaceutical, an indirect non-wholly owned subsidiary of the Company, intends to acquire 65% equity interest in Jiangxi Qingchun Kangyuan Pharmaceutical Co., Ltd. (江西青春康源製藥有限公司) from the Vendors at a consideration of RMB 136,991,855 (equivalent to approximately HK\$150,540,500), subject to the terms and conditions of the Formal Agreement.

The entering into of the Formal Agreement will be subject to the approval by the shareholders at the general meeting of Lisheng Pharmaceutical. The principal terms of the Formal Agreement are summarised as follows.

Parties

- (1) The 1st Vendor, the registered shareholder of 60% equity interest in the Target Company;
- (2) the 2nd Vendor, the registered shareholder of 40% equity interest in the Target Company;
- (3) Mr. Liu;
- (4) the Target Company; and
- (5) Lisheng Pharmaceutical.

Subject matter

The 1st Vendor will agree to sell, and Lisheng Pharmaceutical will agree to purchase, 40% equity interest in the Target Company currently held by the 1st Vendor, and the 2nd Vendor will agree to sell, and Lisheng Pharmaceutical will agree to purchase, 25% equity interest in the Target Company currently held by the 2nd Vendor.

At completion of the Potential Acquisition, Lisheng Pharmaceutical will become a registered shareholder of 65% equity interest in the Target Company. The changes in shareholding structure of the Target Company are illustrated as follows.

Shareholder	Equity Interest in the Target Company	
	Immediately prior to completion of the Potential Acquisition	At completion of the Potential Acquisition
Lisheng Pharmaceutical	-	65%
1st Vendor	60%	20%
2nd Vendor	40%	15%
Total:	100%	100%

Consideration

The total consideration for the Potential Acquisition will be RMB136,991,855 (equivalent to approximately HK\$150,540,500), which will be comprised of RMB84,302,680 for the 40% equity interest in the Target Company to be sold by the 1st Vendor and RMB52,689,175 for the 25% equity interest in the Target Company to be sold by the 2nd Vendor.

The Company will make further announcement(s) on the details of the basis of determination of the consideration and other terms of the Formal Agreement, if and when the Potential Acquisition materialises, in compliance with the requirements of the Listing Rules.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC in June 2005 with limited liability and is principally engaged in research and development, production and sales of proprietary Chinese medicine preparations and Chinese herbal extract, with products covering various medicine fields including digestive system, respiratory system, skeletal musculature and systemic anti-infective etc. As at the date of this announcement, the Target Company is directly owned as to 60% and 40% by the 1st Vendor and the 2nd Vendor respectively.

REASONS FOR AND BENEFITS OF THE POTENTIAL ACQUISITION

The Group's pharmaceutical business includes the manufacture and sales of chemical drugs, and research and development of new medicine technology and new products.

The Target Group is principally engaged in the research and development, production and sales of proprietary Chinese medicines and other healthcare products in the PRC. The Target Group is also operating a B2B e-commerce platform which is working with the market players across the value chain of pharmaceutical industry, pharmaceutical manufacturers, distributors, wholesalers and pharmacies, to build a data-driven, reliable and efficient pharmaceutical supply chain.

If the Potential Acquisition materialises, the Target Group will be the manufacturing platform for proprietary Chinese medicines of the Group, and at the same time, by operating and managing the Target Group, it will be conducive to the Group in enhancing the resilience of its industry chain and promoting the Group's market share in respect of proprietary Chinese medicines. If the Potential Acquisition materialises, the Group will proactively exploit the e-commerce business with the assistance of the Target Group's B2B e-commerce platform, with a view to expanding the sales network and maximising the brand value of Lisheng Pharmaceutical.

The Target Group has a solid operating performance and proprietary Chinese medicines manufacturing capabilities. If the Potential Acquisition materialises, the Group will be able to reap the benefit from such value chain, thereby broadening its revenue source and enlarging the earning base of the Group.

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 Acquisition is expected to be more than 5% but less than 25%, the Potential Acquisition, if materialised, will constitute a discloseable transaction of the Company and will 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 34.07% of the issued share capital of Lisheng Pharmaceutical.

The 1st Vendor is principally engaged in planting herbs, research and development, production and sales of decoction pieces, proprietary Chinese medicines and healthcare products etc., and also engages in various fields such as ecological agriculture, pharmaceutical logistics and medical and elderly care services etc. The 1st Vendor is held as to 72.3408%, 18.4395% and 9.2197% by Mr. Liu, Ms. Lin Xiumei (林秀梅) and Mr. Liu Jugen (劉菊根) respectively.

The 2nd Vendor is principally engaged in purchase and sales of Chinese herbal medicines (excluding decoction pieces), planting and acquiring Chinese herbal medicine, commissioned production of medicine etc. The 2nd Vendor is directly owned as to 90% and 10% by the 1st Vendor and Mr. Liu respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Target Company, the Vendors and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

GENERAL

The Board wishes to emphasize that as at the date of this announcement, no binding agreement in relation to the Potential Acquisition 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 Acquisition may or may not materialise, and even if the Formal Agreement is entered into, the completion of the Potential Acquisition may or may not take place, 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:

“1st Vendor”	Jiangxi Qingchun Kangyuan Group Co., Ltd. (江西青春康源集團有限公司), a company established under the laws of the PRC in November 2007 with limited liability
“2nd Vendor”	Jiangxi Qingchun Kangyuan Chinese Medicine Co., Ltd. (江西青春康源中藥股份有限公司), a company established under the laws of the PRC in November 2012 with limited liability
“B2B”	business-to-business
“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
“Formal Agreement”	the formal agreement to be entered into between Lisheng Pharmaceutical and the 1st Vendor, the 2nd Vendor, Mr. Liu and the Target Company in respect of the Potential Acquisition
“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 34.07% of the issued share capital of Lisheng Pharmaceutical
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Liu Musheng (劉木生), a PRC citizen and the actual controller of the 1st Vendor, the 2nd Vendor and the Target Company as at the date of this announcement
“Potential Acquisition”	the potential acquisition of 65% equity interest in the Target Company 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)
“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
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Target Company”	Jiangxi Qingchun Kangyuan Pharmaceutical Co., Ltd. (江西青春康源製藥有限公司), a company established under the laws of the PRC in June 2005 with limited liability

“Vendors” collectively, the 1st Vendor and the 2nd Vendor

“%” 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 RMB0.91 = 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, 14 December 2023

As at the date of this announcement, the Board of the Company consists of Mr. Wang Gang, Dr. Zhai Xinxiang, 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*