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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

DISPOSAL OF 24.65% EQUITY INTEREST IN TIANJIN TANABE SEIYAKU CO., LTD.

THE DISPOSAL

Reference is made to the announcement of the Company dated 10 May 2024 in relation to the potential disposal of the 24.65% equity interest in Tianjin Tanabe held by Lisheng Pharmaceutical, an indirect non-wholly owned subsidiary of the Company, through public listing-for-sale process on the Tianjin Property Rights Exchange Centre.

On 28 June 2024, Lisheng Pharmaceutical entered into the Equity Transfer Agreement with Grand Pharma (China), which is the final successful bidder, in relation to the Disposal at a total consideration of RMB120,292,000 (equivalent to approximately HK\$130,610,206). Upon completion of the Disposal, the Group will cease to have any interest in Tianjin Tanabe.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company, and therefore, will be 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 10 May 2024 in relation to the potential disposal of the 24.65% equity interest in Tianjin Tanabe held by Lisheng Pharmaceutical, an indirect non-wholly owned subsidiary of the Company, through a public listing-for-sale process on the Tianjin Property Rights Exchange Centre.

The bidding period of the public listing-for-sale process ended on 26 June 2024 and Grand Pharma (China) has been confirmed as the final successful bidder by the Tianjin Property Rights Exchange Centre.

THE EQUITY TRANSFER AGREEMENT

On 28 June 2024, Lisheng Pharmaceutical entered into the Equity Transfer Agreement with Grand Pharma (China), pursuant to which Lisheng Pharmaceutical agreed to sell and Grand Pharma (China) agreed to acquire the 24.65% equity interest in Tianjin Tanabe, 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

28 June 2024

Parties

- (1) Vendor : Lisheng Pharmaceutical
- (2) Purchaser : Grand Pharma (China)

Assets to be disposed of

The 24.65% equity interest in Tianjin Tanabe held by Lisheng Pharmaceutical.

Consideration and payment terms

The total consideration for the Disposal is RMB120,292,000 (equivalent to approximately HK\$130,610,206), being the final bidding price offered by Grand Pharma (China), which shall be paid in the following manners:

- (1) a deposit of RMB36,000,000 (equivalent to approximately HK\$39,087,948) had been remitted by Grand Pharma (China) to the designated account of the Tianjin Property Rights Exchange Centre before the signing of the Equity Transfer Agreement and shall be credited as part of full consideration for the Disposal;
- (2) the balance of the consideration in the amount of RMB84,292,000 (equivalent to approximately HK\$91,522,258) shall be remitted to the designated account of the Tianjin Property Rights Exchange Centre within 2 working days after the signing of the Equity Transfer Agreement; and
- (3) when the business registration of the ownership transfer of 24.65% equity interest in Tianjin Tanabe has been completed, Tianjin Property Rights Exchange Centre will transfer the entire amount of the consideration to Lisheng Pharmaceutical.

Other major terms

Parties agreed that, save for the special dividend declared by Tianjin Tanabe in February 2024, which has been paid to Lisheng Pharmaceutical, all profits and losses attributable to those 24.65% equity interest in Tianjin Tanabe from the Benchmark Date to the date of completion shall belong to or be borne by Grand Pharma (China).

Each party shall respectively bear its own taxes, fees and transaction costs incurred as a result of the Disposal.

Basis for determination of consideration

The consideration of the Disposal was the final bidding price offered by the successful bidder in the public listing-for-sale process. The initial bidding price for the Disposal was 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 Tanabe according to the Valuation Report.

INFORMATION ON TIANJIN TANABE

Tianjin Tanabe is a limited liability company established in the PRC and is principally engaged in the manufacturing, processing and sales of Chinese and Western medicines, chemical medicines, active pharmaceutical ingredient, reagent, biopharmaceutical and ancillary services, as well as provision of pharmaceutical information consultancy.

Set out below is the audited financial information of Tianjin Tanabe for the two financial years ended 31 December 2022 and 31 December 2023 as well as the unaudited financial information for the five months ended 31 May 2024 (prepared in accordance with China Accounting Standards for Business Enterprises):

	2022	As at 31 December 2023	As at 31 May 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Net assets	294,125	314,493	219,067
		For the year ended 31 December 2023	For the five months ended 31 May 2024
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Profit before tax	58,988	61,384	23,496
Profit after tax	43,735	43,548	18,451

According to the Valuation Report, the appraised net assets of Tianjin Tanabe as at the Benchmark Date (i.e., 30 November 2023) was RMB485,995,500 (equivalent to approximately HK\$527,682,410). Pursuant to a resolution of the board of directors of Tianjin Tanabe in February 2024, a special dividend of RMB113,876,767 had been paid to its then shareholders.

Immediately prior to the signing of the Equity Transfer Agreement, Tianjin Tanabe was owned as to 75.35% and 24.65% by MTPC and Lisheng Pharmaceutical respectively. On 21 December 2023, MTPC and Grand Pharma (China) entered into an equity acquisition agreement, pursuant to which Grand Pharma (China) will acquire the 75.35% equity interest in Tianjin Tanabe from MTPC at a consideration of approximately HK\$400,000,000 (equivalent to approximately RMB367,700,000), subject to fulfilment of certain conditions. As at the date of this announcement, such transfer of the 75.35% equity interest in Tianjin Tanabe from MTPC to Grand Pharma (China) has not yet completed.

As at the date of this announcement, MTPC has indicated that it does not object to the transfer of 24.65% equity interest in Tianjin Tanabe from Lisheng Pharmaceutical to Grand Pharma (China). All necessary consents required to be given by MTPC as an existing shareholder of Tianjin Tanabe pursuant to its articles of association have been duly obtained by Lisheng Pharmaceutical.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal is made in line with Lisheng Pharmaceutical's overall strategic planning. The Board considers that the Disposal will enhance the operational efficiency of assets of the Group, optimise allocation of the Group's resources and strengthen the cash flow of the Group.

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

None of the Directors has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

It is expected that the Group will record an unaudited gain of approximately RMB63,291,000 (equivalent to approximately HK\$68,719,870) as a result of the Disposal. Such estimated gain is calculated with reference to (i) the consideration of the Disposal; (ii) the unaudited carrying value of 24.65% equity interest in Tianjin Tanabe as at 31 May 2024; and (iii) all relevant expenses incidental to the Disposal. The actual amount of gain will depend on the carrying value of 24.65% equity interest in Tianjin Tanabe as at completion of the Disposal and shall be subject to audit.

The Group intends to apply the proceeds from the Disposal as general working capital of the Group.

Upon completion of the Disposal, the Group will cease to have any interest in Tianjin Tanabe.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company, and therefore, 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 34.08% of the issued share capital of Lisheng Pharmaceutical.

Grand Pharma (China) is a subsidiary of Grand Pharmaceutical Group Limited, a company listed on the Main Board of the Stock Exchange, and is principally engaged in the manufacturing and sales of pharmaceutical products in the PRC.

MTPC, which holds 75.35% equity interest in Tianjin Tanabe, is a subsidiary of Mitsubishi Chemical Group Corporation, a company listed on the Prime Market of Tokyo Stock Exchange, and is principally engaged in the manufacturing and sales of drugs, with a focus on drugs for medical use.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Grand Pharma (China), MTPC, and their ultimate beneficial owners 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:

“Benchmark Date”	the benchmark date of the Valuation Report, being 30 November 2023
“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
“Disposal”	the disposal of the entire 24.65% equity interest in Tianjin Tanabe held by Lisheng Pharmaceutical
“Equity Transfer Agreement”	the equity transfer agreement dated 28 June 2024 entered into between Lisheng Pharmaceutical and Grand Pharma (China) in respect of the Disposal
“Grand Pharma (China)”	Grand Pharma (China) Co., Ltd. (遠大醫藥(中國)有限公司), a company established in the PRC with limited liability and a subsidiary of Grand Pharmaceutical Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 512)
“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 34.08% of the issued share capital of Lisheng Pharmaceutical
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MTPC”	Mitsubishi Tanabe Pharma Corporation (田邊三菱製藥株式會社), a company incorporated in Japan, which is wholly-owned by Mitsubishi Chemical Group Corporation (三菱化學控股株式會社)

“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
“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
“Tianjin Property Rights Exchange Centre”	Tianjin Property Rights Exchange Centre Co., Ltd. (天津產權交易中心有限公司), a company established in the PRC with limited liability
“Tianjin Tanabe”	Tianjin Tanabe Seiyaku Co., Ltd. (天津田邊製藥有限公司), a company established in the PRC
“Valuation Report”	the valuation report issued by Beijing Chinese Enterprise China Assets Evaluation Co., Ltd. (北京中企華資評估有限責任公司) dated 27 March 2024 in respect of the valuation of Tianjin Tanabe as at the Benchmark 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 RMB0.921 = 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
Teng Fei
Chairman and Executive Director

Hong Kong, 28 June 2024

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