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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 TIANJIN SEGA PHARMACEUTICAL CO., LTD.

EQUITY TRANSFER AGREEMENT

Reference is made to the announcement of the Company dated 21 August 2017 in relation to the potential disposal of the entire equity interest in Segal Pharmaceutical held by Lisheng Pharmaceutical through public listing-for-sale process to be conducted on the TPREC.

On 1 December 2017, Lisheng Pharmaceutical entered into the Equity Transfer Agreement with Jinxi Pharmaceutical in relation to the disposal of the entire equity interest in Segal Pharmaceutical together with the Shareholder's Loan at a total consideration of RMB530,205,288.77 (equivalent to approximately HK\$623,770,927.96).

Upon Completion, the Company will not hold any equity interest in Segal Pharmaceutical and Segal Pharmaceutical will cease to be a subsidiary of the Company.

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 less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 21 August 2017 in relation to the potential disposal of the entire equity interest in Segal Pharmaceutical held by Lisheng Pharmaceutical through public listing-for-sale process to be conducted on the TPREC.

The bidding period of the public listing-for-sale process ended on 3 November 2017 and Jinxi Pharmaceutical has been confirmed as the successful bidder by the TPREC.

EQUITY TRANSFER AGREEMENT

On 1 December 2017, Lisheng Pharmaceutical entered into the Equity Transfer Agreement with Jinxi Pharmaceutical, pursuant to which Lisheng Pharmaceutical agreed to sell and Jinxi Pharmaceutical agreed to acquire the entire equity interest in Sega Pharmaceutical together with the Shareholder's Loan, subject to the terms and conditions of the Equity Transfer Agreement.

Date

1 December 2017

Parties

- (1) Vendor : Lisheng Pharmaceutical
- (2) Purchaser : Jinxi Pharmaceutical

Assets to be disposed of

The assets to be disposed of by Lisheng Pharmaceutical are the entire equity interest in Sega Pharmaceutical together with the Shareholder's Loan.

Upon Completion, the Company will not hold any equity interest in Sega Pharmaceutical and Sega Pharmaceutical will cease to be a subsidiary of the Company.

Consideration and payment terms

The total consideration for the Disposal offered by Jinxi Pharmaceutical is RMB530,205,288.77 (equivalent to approximately HK\$623,770,927.96), being the initial bidding price of the entire equity interest in Sega Pharmaceutical together with the Shareholder's Loan, which was arrived at through the public listing-for-sale process conducted on the TPREC. The initial bidding price was determined after taking into account the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC and the appraised value of Sega Pharmaceutical as set out in the Valuation Report.

A security deposit of RMB159,061,586.63 (equivalent to approximately HK\$187,131,278.39), being 30% of the initial bidding price, has been paid by Jinxi Pharmaceutical into the escrow account designated by the TPREC after receipt of the qualified transferee confirmation (受讓資格確認通知書) issued by the TPREC. Such amount has been applied as part payment of the consideration upon signing of the Equity Transfer Agreement.

The remaining balance of RMB371,143,702.14 (equivalent to approximately HK\$436,639,649.58) shall be paid by Jinxi Pharmaceutical within 3 Business Days after the signing of the Equity Transfer Agreement.

Other major terms

Lisheng Pharmaceutical shall facilitate Jinxi Pharmaceutical to complete the procedures in relation to the change of business registration within 20 Business Days upon the issuance of the certificate on equity transfer (產權交易鑒證書) by the TPREC.

The profit or loss of Sega Pharmaceutical during the period from the appraisal reference date, i.e. 31 December 2016, up to the date of Completion shall be borne by Lisheng Pharmaceutical.

Liability for default

If Lisheng Pharmaceutical is in default of the Equity Transfer Agreement, it shall repay the security deposit in double to Jinxi Pharmaceutical. If Jinxi Pharmaceutical is in default of the Equity Transfer Agreement, it has no right to seek refund of the security deposit from Lisheng Pharmaceutical.

If Lisheng Pharmaceutical fails to complete the transfer of the entire equity interest in Segal Pharmaceutical or Jinxi Pharmaceutical fails to pay the consideration on time in accordance with the terms of the Equity Transfer Agreement, the defaulting-party shall pay the non-defaulting party a sum representing 0.05% of the consideration amount for each day of delay as liquidated damages.

INFORMATION OF SEGA PHARMACEUTICAL

Segal Pharmaceutical is a limited liability company established in the PRC and is principally engaged in the production of active pharmaceutical ingredients and pharmaceutical intermediate products and the relevant technology development.

Set out below is certain audited financial information of Segal Pharmaceutical (prepared in accordance with the generally accepted accounting principles in Hong Kong) for the two financial years ended 31 December 2015 and 31 December 2016:

	For the year ended 31 December	
	2015	2016
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net assets/(deficits)	4,825	(17,959)
Loss before tax	13,751	22,779
Loss after tax	13,751	22,784

According to the Valuation Report, the appraised net deficits of Segal Pharmaceutical was RMB7,025,882.54.

REASONS FOR AND BENEFITS OF THE DISPOSAL

After Segal Pharmaceutical had partly terminated the industrialization and technology development projects regarding chemical drugs substances and the preparations in 2013, Segal Pharmaceutical proposed to merge with other subsidiary of Lisheng Pharmaceutical so as to modify their existing plants with a new Good Manufacturing Practice accreditation. As both merger and modification works were subsequently terminated in April 2017 by Lisheng Pharmaceutical, the production plants of Segal Pharmaceutical became idle.

The Directors believe that the Disposal may enhance the operational efficiency of the assets of the Group, which is in line with the strategic deployment and the actual needs for operational development of the Group.

The Directors are of the view that the Disposal is on normal commercial terms and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, Sega Pharmaceutical will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

It is estimated that an unaudited gain of approximately RMB10,045,000 (equivalent to approximately HK\$11,817,647) will arise from the Disposal. Such estimated unaudited gain is calculated with reference to (i) the consideration for the Disposal; (ii) the Shareholder's Loan; (iii) the unaudited net deficits of Sega Pharmaceutical as at 30 June 2017; and (iv) all relevant expenses incidental to the Disposal. The actual amount of gain will depend on the carrying value of the Group's interest in Sega Pharmaceutical as at Completion. The Company intends to apply the proceeds from the Disposal as general working capital of the Group.

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 less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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) 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 presses, mechanical and 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 indirectly holds approximately 34.41% of the issued share capital of Lisheng Pharmaceutical.

Jinxi Pharmaceutical is principally engaged in research and development, and promotion of pharmaceutical technology. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Jinxi Pharmaceutical and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in the PRC are open for business throughout their normal business hours

“Completion”	completion of the sale and purchase of the entire equity interest in Sega Pharmaceutical together with the Shareholder’s Loan pursuant to the Equity Transfer Agreement
“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”	directors of the Company
“Disposal”	the disposal of the entire equity interest in Sega Pharmaceutical together with the Shareholder’s Loan by Lisheng Pharmaceutical to Jinxi Pharmaceutical pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 1 December 2017 entered into between Lisheng Pharmaceutical and Jinxi Pharmaceutical in respect of the Disposal
“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 PRC
“Jinxi Pharmaceutical”	Tianjin Jinxi Pharmaceutical Technology Co., Ltd. (天津津熙醫藥科技有限公司), a state-owned enterprise established in the PRC which is ultimately wholly-owned by the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People’s Government
“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 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 34.41% of the issued share capital of Lisheng Pharmaceutical
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

“Sega Pharmaceutical”	Tianjin Sega Pharmaceutical Co., Ltd. (天津市新冠製藥有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Lisheng Pharmaceutical
“Shareholder(s)”	holder(s) of share(s) in the Company
“Shareholder’s Loan”	the agreed sum of RMB530,205,287.77 (equivalent to approximately HK\$623,770,926.79) due and owed by Sega Pharmaceutical to Lisheng Pharmaceutical
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TPREC”	Tianjin Property Rights Exchange Centre (天津產權交易中心)
“Valuation Report”	the valuation report of Sega Pharmaceutical prepared by Tianjin Huaxia Jinxin Assets Valuation Company Limited (天津華夏金信資產評估有限公司), using the asset-based approach on 31 December 2016 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 RMB0.85 = 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, 1 December 2017

As at the date of this announcement, the Board of the Company consists of Mr. Zeng Xiaoping, Mr. Wang Zhiyong, Dr. Cui Di, 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*