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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**  
**DISPOSAL OF THE ENTIRE EQUITY INTEREST IN**  
**TIANJIN HEAVENLY PALACE WINERY CO., LTD.**

**THE EQUITY TRANSFER AGREEMENT**

On 18 June 2020, the Company as vendor entered into the Equity Transfer Agreement with Tianjin Food as purchaser in relation to the proposed disposal of the Sale Interest, representing the entire equity interest in Heavenly Palace, at a consideration of RMB331,922,200 (equivalent to approximately HK\$360,785,000).

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreement calculated under Chapter 14 of the Listing Rules exceeds 5% but all the applicable percentage ratios are less than 25%, the transactions contemplated under the Equity Transfer Agreement constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Tsinlien is the controlling Shareholder of the Company, which directly and indirectly holds a total of 673,759,143 shares of the Company, representing approximately 62.81% of the total issued shares of the Company as at the date of this announcement. As Tsinlien and Tianjin Food are both direct wholly-owned subsidiaries of Tianjin Bohai, Tianjin Food is therefore a fellow subsidiary of Tsinlien and a connected person of the Company. Accordingly, the transactions contemplated under the Equity Transfer Agreement also constitute connected transactions of the Company, and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Tsinlien and its associates will abstain from voting on the ordinary resolution to be proposed at the EGM for the approval of the Equity Transfer Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder. Red Sun Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, inter alia, details of (i) the terms of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; and (iv) a notice to convene the EGM, will be despatched to the Shareholders on or about 13 July 2020.

## THE EQUITY TRANSFER AGREEMENT

On 18 June 2020, the Company as vendor and Tianjin Food as purchaser entered into the Equity Transfer Agreement, pursuant to which the Company conditionally agreed to sell and Tianjin Food conditionally agreed to purchase the Sale Interest, representing the entire equity interest in Heavenly Palace. Set out below is a summary of the principal terms of the Equity Transfer Agreement.

### Date

18 June 2020

The Equity Transfer Agreement will be effective upon the obtaining of necessary approvals of the same from the relevant authorities in the PRC.

### Parties

- (1) the Company (as vendor); and
- (2) Tianjin Food (as purchaser).

### Information on Heavenly Palace

Heavenly Palace, the entire equity interest in which forms the subject-matter proposed to be transferred under the Equity Transfer Agreement, is a limited company established under the laws of the PRC, and is principally engaged in production and sale of pure water and bottled mineral water and investment holding.

Set out below is the unaudited consolidated financial information of Heavenly Palace (prepared in accordance with the generally accepted accounting principles in Hong Kong) for the two financial years ended 31 December 2018 and 2019 respectively:

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net loss before taxation	(4,181)	(3,162)
Net loss after taxation	(4,353)	(3,686)
	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net assets	161,368	165,721

## **Consideration**

The consideration for the Sale Interest is RMB331,922,200 (equivalent to approximately HK\$360,785,000), which shall be paid and satisfied by Tianjin Food in cash to the Company in full within 7 days from the date the condition precedent to Completion is fulfilled, and Tianjin Food shall pay a penalty of 0.05% of the consideration to the Company for each day of delay in payment.

The consideration for the Sale Interest was determined after arm's length negotiation between the parties to the Equity Transfer Agreement with reference to the appraised net asset value of Heavenly Palace as of 30 September 2019 in the amount of RMB181,967,200 (equivalent to approximately HK\$197,790,435) and the dividend receivable by the Company in an aggregate sum of RMB149,955,090 (equivalent to approximately HK\$162,994,663) payable by Heavenly Palace.

The appraised net asset value of Heavenly Palace as of 30 September 2019 in the amount of RMB181,967,200 (equivalent to approximately HK\$197,790,435) was arrived at according to the valuation report prepared by Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司), an independent valuer, using the asset-based approach, which was considered to have essentially reflected the value of the Sale Interest.

## **Condition precedent**

Completion is subject to the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder and the satisfaction of any other requirements under the Listing Rules by the Company on or before 30 September 2020 (or any other date agreed by the parties to the Equity Transfer Agreement in writing).

## **Completion**

Following the date of payment of the consideration for the Sale Interest in full by Tianjin Food, the Company shall procure Heavenly Palace to assist in the completion of the necessary change of industrial and commercial registration procedures in connection with the Disposal ("**Completion**").

## **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion, the Company will cease to have any interests in Heavenly Palace, and Heavenly Palace will cease to be a subsidiary of the Company.

Subject to the review by the auditors of the Company, it is estimated that an unaudited gain of approximately RMB10,004,230 (equivalent to approximately HK\$10,874,163) will arise from the Disposal, which is calculated with reference to (i) the consideration of RMB331,922,200 (equivalent to approximately HK\$360,785,000); (ii) the unaudited consolidated net assets of Heavenly Palace of approximately RMB161,368,000 (equivalent to approximately HK\$175,400,000) as at 31 December 2019; (iii) the settlement of dividend receivable of RMB149,955,090 (equivalent to approximately HK\$162,994,663) payable by Heavenly Palace to the Company; and (iv) the relevant expenses of approximately RMB10,594,880 (equivalent to approximately HK\$11,516,174) incidental to the Disposal. The actual amount of gain will depend on the carrying value of the Group's interest in Heavenly Palace as at Completion. The Company intends to apply the proceeds from the Disposal as general working capital of the Group.

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

With a view to further concentrate resources on its core businesses, the Group has been reducing its investments in non-core businesses gradually. The principal businesses of Heavenly Palace, which focus on production and sale of pure water and bottled mineral water and investment holding, are non-core businesses that do not complement the core businesses of the Group. Furthermore, Heavenly Palace reported operating losses for some years without clear potential for significant improvement on its performance in the coming years. The Company believes that the Disposal has provided an excellent opportunity for it to realise its investment in the relevant non-core businesses and may enhance the operational efficiency of the assets of the Group, which is in line with the strategic deployment of resources and the actual needs for operational development of the Group.

None of the Directors have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder. In view of good corporate governance practices, Mr. Wang Zhiyong and Mr. Chen Yanhua, who are also directors of Tsinlien and Tianjin Tsinlien Investment Holdings Co., Ltd. (天津津聯投資控股有限公司), the holding company of Tianjin Bohai, abstained from voting on the resolutions of the Board approving the Equity Transfer Agreement and the transactions contemplated thereunder.

The Directors (other than the independent non-executive Directors whose views will be given after taking into account the independent advice from the Independent Financial Adviser) consider that, although the Equity Transfer Agreement and the transactions contemplated thereunder are 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.

## **GENERAL**

The Company is listed on the Main Board of the Stock Exchange, with Tsinlien being its controlling Shareholder. Tsinlien is in turn directly wholly-owned by Tianjin Bohai, which is ultimately wholly-owned by the Tianjin Municipal People's Government of the PRC. 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 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.

Tianjin Food is principally engaged in (i) modern agriculture, animal husbandry and fisheries; (ii) production and processing of food; (iii) warehousing, logistics and trade services; and (iv) real estate development. Tianjin Food is a direct wholly-owned subsidiary of Tianjin Bohai, a controlling Shareholder.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreement calculated under Chapter 14 of the Listing Rules exceeds 5% but all the applicable percentage ratios are less than 25%, the transactions contemplated under the Equity Transfer Agreement constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder. Red Sun Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, inter alia, details of (i) the terms of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; and (iv) a notice to convene the EGM, will be despatched to the Shareholders on or about 13 July 2020.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“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)
“Completion”	has the meaning ascribed to it under the section headed “ <i>The Equity Transfer Agreement – Completion</i> ” of this announcement

“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Disposal”	the disposal of the Sale Interest by the Company to Tianjin Food pursuant to the Equity Transfer Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, <i>inter alia</i> , the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the conditional state-owned equity transfer agreement dated 18 June 2020 entered into between the Company and Tianjin Food in relation to the Disposal
“Group”	the Company and its subsidiaries
“Heavenly Palace”	Tianjin Heavenly Palace Winery Co., Ltd. (天津天宮葡萄釀酒有限公司), a limited company established under the laws of the PRC, and a direct wholly-owned subsidiary of the Company as at the date this announcement
“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
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Tsinlien and its associates
“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 People’s Republic of China and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire equity interest in Heavenly Palace
“Shareholder(s)”	holder(s) of issued ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Bohai”	Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司), a limited company established under the laws of the PRC, and is indirectly wholly-owned by the Tianjin Municipal People’s Government of the PRC
“Tianjin Food”	Tianjin Food Group Co., Ltd (天津食品集團有限公司), a limited company established under the laws of the PRC, and is directly wholly-owned by Tianjin Bohai
“Tsinlien”	Tsinlien Group Company Limited (津聯集團有限公司), a company incorporated in Hong Kong with limited liability, being the controlling Shareholder and an offshore window company directly wholly-owned by Tianjin Bohai
“%”	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 Zhiyong**  
*Chairman and Executive Director*

Hong Kong, 18 June 2020

*As at the date of this announcement, the Board consists of Mr. Wang Zhiyong, Mr. Chen Yanhua, Dr. Li Xiaoguang, Mr. Zhuang Qifei, Mr. Cui Xiaofei, Mr. Cheung Wing Yui, Edward\*, 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*