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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)

IMPLEMENTATION OF MIXED-OWNERSHIP REFORM IN TIANJIN INSTITUTE OF PHARMACEUTICAL RESEARCH CO., LTD.

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 Research Institute intends to implement a mixed-ownership reform by introducing a strategic investor with extensive experiences in the pharmaceutical value chain and investments in the PRC pharmaceutical markets, in assisting Research Institute to enhance and accelerate the development of its research and development product pipeline, and also to establish a fully integrated platform covering the entire value chain from pharmaceutical research and development to manufacturing and commercialisation.

In order to realise the reform, Jinhao Pharmaceutical intends to dispose part of its equity interest in Research Institute to a potential strategic investor through a combination of capital injection in Research Institute of no less than RMB1,004,000,000 (equivalent to approximately HK\$1,239,506,173) to be contributed by the potential strategic investor and partial transfer of its shares in Research Institute to the potential strategic investor. In accordance with the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC, the Potential Disposal will be conducted by way of public listing-for-sale process commencing on 30 May 2018.

Upon completion of the Potential Disposal, Jinhao Pharmaceutical and the potential strategic investor will hold 35% and 65% respectively of the enlarged equity interest in Research Institute.

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Potential Disposal is expected to exceed 25% but less than 75%, the Potential Disposal, if materialised, may constitute a major transaction of the Company and will therefore, be subject to reporting, announcement and Shareholders' approval 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 Jinhao 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 Research Institute, a wholly-owned subsidiary of Jinhao Pharmaceutical, intends to implement a mixed-ownership reform by introducing a strategic investor with extensive experiences in the pharmaceutical value chain and investments in the PRC pharmaceutical markets, in assisting Research Institute to enhance and accelerate the development of its research and development product pipeline, and also to establish a fully integrated platform covering the entire value chain from pharmaceutical research and development to manufacturing and commercialisation.

In order to realise the reform, Jinhao Pharmaceutical, an indirect non-wholly owned subsidiary of the Company, intends to dispose part of its equity interest in Research Institute through a combination of capital injection in Research Institute of no less than RMB1,004,000,000 (equivalent to approximately HK\$1,239,506,173) to be contributed by the potential strategic investor and partial transfer of its shares in Research Institute to the potential strategic investor. 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 commencing on 30 May 2018.

The amount of capital injection and the total consideration of partial transfer will be determined with reference to the appraised value of Research Institute according to the appraisal report issued by an independent appraisal institution with 31 May 2017 as the appraisal reference date. Jinhao Pharmaceutical will enter into a formal agreement with the successful bidder following completion of the public listing-for-sale process.

Upon completion of the Potential Disposal, Jinhao Pharmaceutical and the potential strategic investor will hold 35% and 65% respectively of the enlarged equity interest in Research Institute. Research Institute will cease to be a subsidiary and become an associate of the Company, thus its financial results will no longer be consolidated into the financial statements of the Group.

INFORMATION ON RESEARCH INSTITUTE

Research Institute is a limited liability company established under the laws of the PRC and is principally engaged in researches on areas such as pharmaceutical knowledge, pharmaceutical chemistry, pharmaceutical preparations, modern Chinese medicine, safety evaluation of new drugs and drug metabolism, and specializes in the research and development of innovation medicines and technology improvements of Chinese medicine, chemical medicine and biotechnological medicine.

Set out below was consolidated financial information of Research Institute (prepared in accordance with the generally accepted accounting principles in Hong Kong) for the two financial years ended 31 December 2016 and 31 December 2017:

| | For the year ended 31 December | |
|-------------------|---------------------------------------|----------------|
| | 2016 | 2017 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Net assets | 566,838 | 582,426 |
| Profit before tax | 19,211 | 19,916 |
| Profit after tax | 17,039 | 15,772 |

REASONS FOR AND BENEFITS BEYOND THE CAPITAL INJECTION

With the increasingly fierce market competition and the introduction of policies and measures of the PRC pharmaceutical industry, the pharmaceutical sector will inevitably go through structural transformations and upgrade from its existing strength of a manufacturing base to a promising strategic market and efficient research and development center.

The implementation of a mixed-ownership reform is an important strategic priority for Research Institute and will introduce a strategic investor with extensive experiences in the pharmaceutical value chain and investments in the PRC pharmaceutical markets. The capital injection of no less than RMB1,004,000,000 (equivalent of approximately HK\$1,239,506,173) from strategic investor will assist Research Institute in enhancing and accelerating the development of its research and development product pipeline, and also establish a fully integrated platform covering the entire value chain from pharmaceutical research and development to manufacturing and commercialisation.

Following the completion of the mixed-ownership reform, Research Institute is committed to taking the leading role in PRC pharmaceutical industry and intends to capitalise on its strengths to pursue the following business strategies:

- materialise the commercialisation of research and development and establish a value-added research industry chain so as to become an innovation-driven pharmaceutical enterprise;
- strengthen product mix enrichment with focusing on innovative pharmaceutical products including new small-molecule anticoagulant drugs, new endocrine-related drugs, new oncology drugs and specialty preparations;
- integrate research and development technical service in the areas of consistency assessment for generics drugs, further development of traditional Chinese medicine, non-clinical evaluation and clinical research services for innovative pharmaceutical products so as to establish the market presence in the PRC pharmaceutical research and development industry;
- promote international collaboration for innovative pharmaceutical achievement and development of the great healthcare business.

The Board considers that the Potential Disposal, if materialised, would allow Research Institute to expand its operations and deliver sustainable growth in the future.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Potential Disposal is expected to exceed 25% but less than 75%, the Potential Disposal, if materialised, may constitute a major transaction of the Company and will therefore, be subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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 Jinhao 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 otherwise requires, 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” | 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 PRC |
| “Jinhao Pharmaceutical” | TianJin Jinhao Pharmaceutical Co., Ltd. (天津金浩醫藥有限公司), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Potential Disposal” | the potential disposal of equity interest in Research Institute by Jinhao Pharmaceutical to a potential strategic investor through a combination of capital injection in Research Institute of no less than RMB1,004,000,000 to be contributed by the potential strategic investor and partial transfer of its shares in Research Institute to the potential strategic investor |
| “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” | 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 |

“Research Institute” Tianjin Institute of Pharmaceutical Research Co., Ltd. (天津藥物研究院有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of Jinhao Pharmaceutical as at the date of this announcement

“%” 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 RMB0.81 = 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, 29 May 2018

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