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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)

CONTINUING CONNECTED TRANSACTIONS

PRODUCTS PROCUREMENT MASTER AGREEMENT AND INTEGRATED SERVICES MASTER AGREEMENT

On 29 August 2024, the Company and TEDA Holding entered into (i) the Products Procurement Master Agreement in relation to the Procurement Transactions and (ii) the Integrated Services Master Agreement in relation to the Integrated Services Transactions, for a term of four months commencing from 1 September 2024 to 31 December 2024.

As at the date of this announcement, TEDA Holding indirectly holds a total of 673,759,143 shares of the Company, representing approximately 62.81% of the total issued shares of the Company. Members of the TEDA Holding Group are therefore connected persons of the Company. Accordingly, the Procurement Transactions as contemplated under the Products Procurement Master Agreement and the Integrated Services Transactions as contemplated under the Integrated Services Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) calculated based on (1) the Procurement Cap Amount and (2) Integrated Services Cap Amount (whether on a standalone basis or when aggregated with each other) are more than 0.1% but all of them are less than 5%, the entering into of the Products Procurement Master Agreement and the Integrated Services Master Agreement is subject to the reporting, announcement and annual review requirements, but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 29 August 2024, the Company and TEDA Holding entered into (i) the Products Procurement Master Agreement in relation to the Procurement Transactions and (ii) the Integrated Services Master Agreement in relation to the Integrated Services Transactions, the principal terms of which are set out below:

PRODUCTS PROCUREMENT MASTER AGREEMENT

Date

29 August 2024

Parties

- (1) the Company
- (2) TEDA Holding

Term

From 1 September 2024 to 31 December 2024 (both days inclusive)

Subject matter

Members of the Group may from time to time within the term of the Products Procurement Master Agreement enter into individual contracts with members of the TEDA Holding Group in accordance with the principles set out in the Products Procurement Master Agreement for the purchase of certain product(s) (the “**Products**”) including daily office supplies, consumables and spare parts and other products as may be required by the Group from time to time from members of the TEDA Holding Group based on the business needs of the Group.

Pricing basis and payment terms

The price payable by the Group to the TEDA Holding Group in respect of the Products Procurement Transactions shall be determined with reference to the type, quantity, quality and specifications of Products purchased by members of the Group from members of the TEDA Holding Group and the pricing principles of the prevailing market price of the products of similar type and quality. In particular:-

- (a) In respect of the Products available on the TEDA E-Commerce Platform, the unit price will be the unit price as displayed on the TEDA E-Commerce Platform; and
- (b) In respect of the Products not available on the TEDA E-Commerce Platform, members of the TEDA Holding Group may (at the request of the members of the Group) assist the members of the Group in sourcing the suitable and applicable Products and the terms in respect of settlement and payment and the unit price will be negotiated between the relevant members of the Group and the relevant members of the TEDA Holding Group in individual contracts on an arm’s length basis and on normal commercial terms, with reference to the prevailing market price of similar products offered by independent third parties to the Group, and will not be less favourable to the Group than those available from independent third parties under the same commercial conditions.

The relevant member of the Group will pay the relevant member of the TEDA Holding Group in accordance with the detailed payment terms as set out in the relevant individual contract. In addition, the terms of each of the individual transaction (including but not limited to the quality standards, delivery, return of goods, consideration and payment terms) shall be fair and reasonable, in accordance with the applicable laws and regulations of the PRC and on normal commercial terms, and no less favourable to the Group than the terms available from independent third parties in similar transactions.

INTEGRATED SERVICES MASTER AGREEMENT

Date

29 August 2024

Parties

- (1) the Company
- (2) TEDA Holding

Term

From 1 September 2024 to 31 December 2024 (both days inclusive)

Subject matter

Members of the Group may from time to time within the term of the Integrated Services Master Agreement enter into individual contracts with members of the TEDA Holding Group in accordance with the principles set out in the Integrated Services Master Agreement for the provision of certain services (the “**Integrated Services**”) including construction and engineering services, property and facility management services, human resources related services, consultancy and advisory services and other services as required by the Group from time to time by members of the TEDA Holding Group.

Pricing basis and payment terms

The price payable by the Group to the TEDA Holding Group in respect of the Integrated Services Transactions shall be determined with reference to the type, quantity, quality and specifications of Integrated Services engaged by members of the Group from members of the TEDA Holding Group and the pricing principles of the prevailing market price of the services of similar type and quality. The terms of the Integrated Services Transactions shall be on normal commercial terms and no less favourable to the Group than those offered by the TEDA Holding Group to independent third parties in similar transactions, and the price payable by the Group to the TEDA Holding Group shall be (i) determined in accordance with the prescribed price set by the PRC government, (ii) in the absence of a prescribed price set by the PRC government, determined with reference to and no higher than the guidance price set by the PRC government, or (iii) in the absence of a prescribed price and a guidance price by the PRC government, determined with reference to the prevailing market price.

The relevant member of the Group will pay the relevant member of the TEDA Holding Group in accordance with the detailed payment terms as set out in the relevant individual contract. In addition, the terms of each of the individual transaction (including but not limited to the quality standards, delivery, consideration and payment terms) shall be fair and reasonable, in accordance with the applicable laws and regulations of the PRC and on normal commercial terms, and no less favourable to the Group than the terms available from independent third parties in similar transactions.

THE PROPOSED CAP AMOUNT

Set out below are the amount of the Procurement Cap Amount and the Integrated Services Cap Amount, representing the estimated maximum aggregate price payable by the Group to the TEDA Holding Group in respect of the Procurement Transactions and the Integrated Services Transactions respectively during the term of the Procurement Master Agreement and the Integrated Services Master Agreement:

	For the term from 1 September 2024 to 31 December 2024 (RMB)
Procurement Cap Amount	65,000,000
Integrated Services Cap Amount	17,000,000

Basis of determination of the proposed cap amount

The Procurement Cap Amount is determined with reference to the following factors:-

- (i) the types and quantities of daily office supplies consumed by the Group in the past, and the types and quantities of daily office supplies to be purchased by the Group from TEDA Holding Group during the term of the Products Procurement Master Agreement;
- (ii) the expected demand for cardboard materials and non-specialized machinery and equipment for the Group's pharmaceutical printing business during the term of the Products Procurement Master Agreement; and
- (iii) the current market prices offered by independent supplier of the Group for the procurement of similar products.

The Integrated Services Cap Amount is determined with reference to the following factors:-

- (i) the types and level of similar Integrated Services furnished by independent service providers in the past, and the types and level of Integrated Services to be furnished by TEDA Holding Group to the Group during the term of the Integrated Services Master Agreement;
- (ii) the prescribed price and the guidance price set by the PRC government for the Integrated Services during the term of the Integrated Services Master Agreement; and
- (iii) the price offered by independent services providers of the Group for providing similar services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PRODUCTS PROCUREMENT MASTER AGREEMENT AND THE INTEGRATED SERVICES MASTER AGREEMENT

Through the TEDA E-Commerce Platform recently established and operated by the TEDA Holding Group which provides supply chain e-commercial management services, coupled with the TEDA Holding Group's background as a sizable state-owned enterprise with bargaining power and the capability to obtain better market price for the Products, by entering into the Products Procurement Master Agreement, the Group can benefit from the competitive price and reduce its procurement cost in sourcing the Products to meet the Group's operational needs. The Group can also improve the efficiency of procuring supplies through the TEDA E-Commerce Platform which facilitates its daily operational management.

TEDA Holding principally engages in, among other things, the provision of modern services. The Company considers that the entering into of the Integrated Services Master Agreement will enable the Group to enjoy a stable provision of Integrated Services with consistently reliable quality and competitive price from the TEDA Holding Group, which is essential and beneficial to the Group for the effective, efficient and continuous daily operation and business development.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Products Procurement Master Agreement, the Integrated Services Master Agreement and the respective transactions contemplated thereunder (including the Procurement Cap Amount and the Integrated Services Cap Amount) is in the ordinary and usual course of business of the Group, and the terms thereof are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PRICING POLICY AND INTERNAL CONTROL

The Group adopts the following pricing policy and internal control measures for the Procurement Transactions and the Integrated Services Transactions:

- (i) each individual contract will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;
- (ii) the transaction price shall be determined with reference to the prescribed price or guidance price set by the PRC government where available;
- (iii) in the absence of a prescribed price set by the PRC government, the transaction price shall be determined based on certain market reference price after the arm's length negotiation is reached between the parties in respect of the terms and conditions of each individual contract to ensure that the transaction price is no less favourable to the Group than that available from independent third parties;
- (iv) the relevant member of the Group shall refer to at least three other contemporaneous transactions of similar products or services (as the case may be) carried out with independent third parties and review regularly as to whether the price offered by the TEDA Holding Group to ensure that the price offered by the TEDA Holding Group are fair and reasonable and are no less favourable to the Group than those offered by independent third parties;
- (v) in the absence of a prescribed price set by the PRC government and contemporaneous transactions of similar products or services (as the case may be), the transaction price shall be negotiated with reference to those charged by competitors of comparable scale for similar transactions with their independent third parties;
- (vi) the financial management department of the relevant members of the Group shall be responsible for preparing the accounting records, reporting, and statistical analysis of the transactions, and for submitting the same to the Company on a regular basis, to monitor the utilisation of the proposed cap amount and to ensure compliance with the terms of the Products Procurement Master Agreement and the Integrated Services Master Agreement and the pricing policy; and
- (vii) the independent non-executive Directors will regularly review the transactions to check and confirm, among other things, whether the pricing policy have been adhered to and whether the proposed cap amount has been exceeded.

The Directors (including the independent non-executive Directors) are of the view that the above methods and procedures are sufficient to ensure that the Procurement Transactions and the Integrated Services Transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

LISTING RULES IMPLICATIONS

As at the date of this announcement, TEDA Holding indirectly holds a total of 673,759,143 shares of the Company, representing approximately 62.81% of the total issued shares of the Company. Members of the TEDA Holding Group are therefore connected persons of the Company. Accordingly, the Procurement Transactions as contemplated under the Products Procurement Master Agreement and the Integrated Services Transactions as contemplated under the Integrated Services Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) calculated based on (1) the Procurement Cap Amount and (2) Integrated Services Cap Amount (whether on a standalone basis or when aggregated with each other) are more than 0.1% but all of them are less than 5%, the entering into of the Products Procurement Master Agreement and the Integrated Services Master Agreement is subject to the reporting, announcement and annual review requirements, but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors has a material interest in the Products Procurement Master Agreement and the Integrated Services Master Agreement. For good corporate governance practices, Mr. Teng Fei, Dr. Zhai Xinxiang and Mr. Sun Lijun, being Directors who are also directors of certain members of the TEDA Holding Group, have voluntarily abstained from voting on the Board resolution(s) approving the entering into of the Products Procurement Master Agreement and the Integrated Services Master Agreement.

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.

TEDA Holding is a state-owned enterprise established in the PRC which principally engages in regional development, public utilities, finance and modern services.

DEFINITIONS

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

“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)

“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	including the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Integrated Services”	has the meaning ascribed to it in the sub-section headed “Subject matter” under the section headed “Integrated Services Master Agreement” in this announcement
“Integrated Services Cap Amount”	the estimated maximum aggregated price payable by the Group to the TEDA Holding Group in respect of the Integrated Services Transactions during the term of the Integrated Services Master Agreement
“Integrated Services Transactions”	the provision of Integrated Services by members of the TEDA Holding Group to members of the Group as contemplated under the Integrated Services Master Agreement
“Integrated Services Master Agreement”	the master agreement dated 29 August 2024 entered into between the Company and TEDA Holding for the provision of the Integrated Services by members of the TEDA Holding Group to members of the Group for a term from 1 September 2024 to 31 December 2024
“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)
“Procurement Cap Amount”	the estimated maximum aggregated price payable by the Group to the TEDA Holding Group in respect of the Procurement Transactions during the term of the Procurement Master Agreement
“Procurement Transactions”	the purchase of Products by members of the Group from members of the TEDA Holding Group as contemplated under the Products Procurement Master Agreement
“Products”	has the meaning ascribed to it in the sub-section headed “Subject matter” under the section headed “Products Procurement Master Agreement” in this announcement

“Products Procurement Master Agreement”	the master agreement dated 29 August 2024 entered into between the Company and TEDA Holding for the purchase of the Products by members of the Group from members of the TEDA Holding Group for a term from 1 September 2024 to 31 December 2024
“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
“TEDA Holding”	Tianjin TEDA Investment Holding Co., Ltd. (天津泰達投資控股有限公司), a state-owned enterprise established in the PRC which is indirectly wholly-owned by the Tianjin Municipal People’s Government of the PRC and is an intermediate controlling Shareholder
“TEDA Holding Group”	the TEDA Holding and its subsidiaries
“TEDA E-Commerce Platform”	the supply chain e-commerce system established and operated by the TEDA Holding Group
“%”	per cent

By Order of the Board
Tianjin Development Holdings Limited
Teng Fei
Chairman and Executive Director

Hong Kong, 29 August 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*