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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)

**RENEWAL OF
EXISTING CONTINUING CONNECTED TRANSACTIONS
AND
ENTERING INTO OF
NEW CONTINUING CONNECTED TRANSACTIONS
WITH TIANJIN TEDA INVESTMENT HOLDING CO. LTD.**

On 15 November 2024, the Company entered into the 2024 Water Transmission Pipelines Lease Master Agreement, the 2024 Heat and Power Networks and Facilities Lease Master Agreement, the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement and the 2024 Integrated Services Master Agreement with TEDA Holding to renew the continuing connected transactions contemplated under the Existing Agreements, each for a term of three years commencing from 1 January 2025 to 31 December 2027.

On the same day, the Company also entered into the 2024 Water Testing Services Master Agreement with TEDA Holding pursuant to which members of the Group may from time to time provide Water Testing Services to members of the TEDA Holding Group for a term of three years commencing from 1 January 2025 to 31 December 2027.

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 as defined in the Listing Rules. Accordingly, the transactions contemplated under the 2024 Master Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) calculated based on the proposed annual caps for the respective transactions contemplated under the 2024 Water Transmission Pipelines Lease Master Agreement, the 2024 Heat and Power Networks and Facilities Lease Master Agreement, and 2024 Water Testing Services Master Agreement are more than 0.1% but less than 5%, the entering into of the said agreements and the respective transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated based on the proposed annual caps for the respective transactions contemplated under each of the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, and the 2024 Integrated Services Master Agreement exceeds 5%, the entering into of the said agreements and the respective transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened at which ordinary resolutions will be proposed to approve the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement and the respective transactions contemplated thereunder (including the proposed annual caps). The associates of TEDA Holding will abstain from voting on those resolutions.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of each of the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement, and the respective transactions contemplated thereunder (including the proposed annual caps). Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other things, (i) details of the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement and the respective transactions contemplated thereunder (including the proposed annual caps); (ii) the recommendations from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 5 December 2024.

INTRODUCTION

Reference is made to the announcements of the Company (i) dated 17 November 2021 in relation to, among others, the Existing Water Transmission Pipelines Lease Master Agreement, the Existing Heat and Power Networks and Facilities Lease Master Agreement, and the Existing Steam Purchase Master Agreement; and (ii) dated 29 August 2024 in relation to the Existing Products Procurement Master Agreement and the Existing Integrated Services Master Agreement.

As the Existing Agreements will expire on 31 December 2024, on 15 November 2024, the Company entered into the 2024 Water Transmission Pipelines Lease Master Agreement, the 2024 Heat and Power Networks and Facilities Lease Master Agreement, the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement and the 2024 Integrated Services Master Agreement with TEDA Holding to renew the continuing connected transactions contemplated under the Existing Agreements for a term of three years commencing from 1 January 2025 to 31 December 2027.

On the same day, the Company also entered into the 2024 Water Testing Services Master Agreement with TEDA Holding pursuant to which members of the Group may from time to time provide Water Testing Services to members of the TEDA Holding Group for a term of three years commencing from 1 January 2025 to 31 December 2027.

(A) THE 2024 WATER TRANSMISSION PIPELINES LEASE MASTER AGREEMENT

The principal terms of the 2024 Water Transmission Pipelines Lease Master Agreement are summarised as follows:

Date

15 November 2024

Parties

- (1) The Company (for itself and on behalf of its subsidiaries) (as lessee); and
- (2) TEDA Holding (for itself and on behalf of its subsidiaries) (as lessor).

Subject matter

Members of the TEDA Holding Group may from time to time let the Water Transmission Facilities to members of the Group for use in their ordinary production and operation in TEDA.

Term

For a term of three years from 1 January 2025 to 31 December 2027, unless terminated by either party by giving one month's notice in writing.

Pricing basis

The leasing fee of the Water Transmission Facilities will be determined in accordance with the following principles:

- (1) the monthly leasing fee shall be calculated based on the monthly depreciation costs of the relevant Water Transmission Facilities incurred by relevant members of the TEDA Holding Group; and
- (2) in case the lessee is unable to use any Water Transmission Facilities due to any maintenance work necessitated by natural damage or causes unrelated to the lessee, the leasing fee for the relevant year will be adjusted to exempt the lessee from paying the leasing fee for the affected period.

The relevant member(s) of the Group will pay the relevant member(s) of the TEDA Holding Group in accordance with the detailed payment terms as set out in the individual lease contract(s), which will be entered into by the relevant parties pursuant to the principles and conditions set out in the 2024 Water Transmission Pipelines Lease Master Agreement. In addition, the terms of each individual transaction (including but not limited to the subject matter, the term of the lease, delivery and use of the relevant Water Transmission Facilities, leasing fees 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 shall be no less favourable to the Group as compared with the terms provided by an independent third party as lessor in respect of leases of a similar or comparable nature.

Historical figures, the previous annual caps and the proposed annual caps

Set out below are (i) the historical transaction amounts paid by the Group to the TEDA Holding Group in respect of the transactions carried out under the Existing Water Transmission Pipelines Lease Master Agreement for the two years ended 31 December 2023 and the nine months ended 30 September 2024, (ii) the annual caps of the Existing Water Transmission Pipelines Lease Master Agreement for the three years ending 31 December 2024, and (iii) the proposed annual caps for the three years ending 31 December 2027:

	For the year ended 31 December 2022	For the year ended 31 December 2023	For the nine months ended 30 September 2024
Historical amounts	RMB11,742,000	RMB11,758,000	RMB7,982,000
	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024
Previous annual caps	RMB15,000,000	RMB16,000,000	RMB17,300,000
	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Proposed annual caps	RMB30,000,000	RMB35,000,000	RMB38,000,000

As allowed under HKFRS 16, the Group has elected not to recognise right-of-use assets and corresponding lease liabilities for leases to be entered into under the 2024 Water Transmission Pipelines Lease Master Agreement (which at the commencement date have lease terms of 12 months or less), instead to recognise the lease payments associated with such leases as expenses on a straight-line basis over the lease term.

The abovementioned proposed annual caps represent the estimated maximum total annual lease payments payable by the Group for the leases of the Water Transmission Facilities to be entered into by the Group in each year under the 2024 Water Transmission Pipelines Lease Master Agreement, which were determined with reference to the historical depreciation costs and the costs of repair and maintenance of the relevant Water Transmission Facilities owned by the TEDA Holding Group and used by the Group. It is also expected that there will be new construction and renovation to the Water Transmission Facilities leading to an increase in relevant depreciation costs and costs of repair and maintenance each year.

Reasons for and benefits of the entering into of the 2024 Water Transmission Pipelines Lease Master Agreement

As the Group's utility businesses are mainly operated in TEDA through the supply of water to industrial, commercial as well as residential customers, the Group requires a stable supply chain for the distribution of water, and endeavours to ensure its transmission and distribution system reliably and efficiently supply water to its customers. In light of (i) the established relationship and continuous cooperation between the Group and the TEDA Holding Group and (ii) the past operational convenience and benefits brought to the Group by leasing the Water Transmission Facilities from the TEDA Holding Group, the entering into of the 2024 Water Transmission Pipelines Lease Master Agreement will enable the Group to continue to secure stable supply of Water Transmission Facilities required for its supply of water to its customers, which is essential for the effective and efficient operation of the Group's utilities businesses.

(B) THE 2024 HEAT AND POWER NETWORKS AND FACILITIES LEASE MASTER AGREEMENT

The principal terms of the 2024 Heat and Power Networks and Facilities Lease Master Agreement are summarised as follows:

Date

15 November 2024

Parties

- (1) The Company (for itself and on behalf of its subsidiaries) (as lessee); and
- (2) TEDA Holding (for itself and on behalf of its subsidiaries) (as lessor).

Subject matter

Members of the TEDA Holding Group may from time to time let the Heat and Power Networks to members of the Group for use in their ordinary operation according to their business needs.

Term

For a term of three years from 1 January 2025 to 31 December 2027, unless terminated by either party by giving one month's notice in writing.

Pricing basis

The monthly leasing fee shall be calculated based on the monthly depreciation costs of the relevant Heat and Power Networks incurred by the relevant members of the TEDA Holding Group.

The relevant member(s) of the Group will pay the relevant member(s) of the TEDA Holding Group in accordance with the detailed payment terms as set out in the individual lease contract(s), which will be entered into by the relevant parties pursuant to the principles and conditions set out in the 2024 Heat and Power Networks and Facilities Lease Master Agreement. In addition, the terms of each individual transaction (including but not limited to the subject matter, the term of the lease, delivery of the relevant Heat and Power Networks, leasing fees 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 shall be no less favourable to the Group as compared with the terms provided by an independent third party as lessor in respect of leases of a similar or comparable nature.

Historical figures, the previous annual caps and the proposed annual caps

Set out below are (i) the historical transaction amounts paid by the Group to the TEDA Holding Group in respect of the transactions carried out under the Existing Heat and Power Networks and Facilities Lease Master Agreement for the two years ended 31 December 2023 and the nine months ended 30 September 2024, (ii) the annual caps of the Existing Heat and Power Networks and Facilities Lease Master Agreement for the three years ending 31 December 2024 and (iii) the proposed annual caps for the three years ending 31 December 2027:

	For the year ended 31 December 2022	For the year ended 31 December 2023	For the nine months ended 30 September 2024
Historical amounts	RMB9,320,000	RMB9,320,000	RMB6,990,000
	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024
Previous annual caps	RMB11,000,000	RMB11,800,000	RMB12,700,000
	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Proposed annual caps	RMB10,000,000	RMB11,000,000	RMB12,000,000

As allowed under HKFRS 16, the Group has elected not to recognise right-of-use assets and corresponding lease liabilities for leases to be entered into under the 2024 Heat and Power Networks and Facilities Lease Master Agreement (which at the commencement date have lease terms of 12 months or less), instead to recognise the lease payments associated with such leases as expenses on a straight-line basis over the lease term.

The abovementioned proposed annual caps represent the estimated maximum total annual lease payments payable by the Group for the leases of the Heat and Power Networks to be entered into by the Group in each year under the 2024 Heat and Power Networks and Facilities Lease Master Agreement, which were determined with reference to the historical depreciation costs of the relevant Heat and Power Networks owned by the TEDA Holding Group and used by the Group.

Maintenance of the Heat and Power Networks

Upon notification by the relevant member(s) of the Group that the Heat and Power Networks leased to it are faulty or malfunctioning, requiring major repair, update and replacement, the lessor shall ensure the normal operation of the said Heat and Power Networks within 24 hours of receiving such notice from the lessee. Where such fault or malfunction happens in the course of reasonable use of the Heat and Power Networks by the relevant member(s) of the Group, the lessor is liable to make compensation for the consequential economic loss that relevant member(s) of the Group has suffered.

Reasons for and benefits of the entering into of the 2024 Heat and Power Networks and Facilities Lease Master Agreement

As the Group's utility businesses are mainly operated in TEDA through the supply of heat and thermal power to industrial, commercial as well as residential customers, the Group requires a stable supply chain for the distribution of steam, and endeavours to ensure its transmission and distribution system reliably and efficiently supply the heat and thermal power to its customers. In light of (i) the established relationship and continuous cooperation between the Group and the TEDA Holding Group and (ii) the past operational convenience and benefits brought to the Group by leasing the Heat and Power Networks from the TEDA Holding Group, the entering into of the 2024 Heat and Power Networks and Facilities Lease Master Agreement will enable the Group to continue to secure stable supply of Heat and Power Networks required for its supply of heat and thermal power to its customers, which is essential for the effective and efficient operation of the Group's utilities businesses.

(C) THE 2024 STEAM PURCHASE MASTER AGREEMENT

The principal terms of the 2024 Steam Purchase Master Agreement are summarised as follows:

Date

15 November 2024

Parties

- (1) The Company (for itself and on behalf of its subsidiaries) (as purchaser); and
- (2) TEDA Holding (for itself and on behalf of its subsidiaries) (as supplier).

Subject matter

Members of the Group may from time to time purchase Steam and Heat Power Products from members of the TEDA Holding Group for use in their operation.

Term

Subject to the satisfaction of the conditions precedent referred to below, for a term of three years commencing from 1 January 2025 to 31 December 2027, unless terminated by either party by giving one month's notice in writing.

Pricing policy

The price of the Steam and Heat Power Products will be determined in accordance with the government guidance prices, the rate of return and the standard of quality of products, and in particular with reference to the followings:

- (1) guidance prices of the prices of natural gas for industrial use as announced by the Tianjin Municipal Development and Reform Commission of the PRC from time to time and the current transacted coal prices of local coal exchange or market in the PRC;
- (2) the rate of return of capital (with reference to the rate of return of capital as stipulated in the Energy Products Subsidy Plan in TEDA (天津開發區能源產品補貼方案) issued by the TEDA Finance Bureau from time to time); and
- (3) the standard of quality of the Steam and Heat Power Products as specified in the individual purchase contract(s).

The relevant member(s) of the Group will pay the relevant member(s) of the TEDA Holding Group in accordance with the detailed payment terms as set out in the individual purchase contract(s), which will be entered into by the relevant parties pursuant to the principles and conditions set out in the 2024 Steam Purchase Master Agreement. In addition, the terms of each individual transaction (including but not limited to the quality and technical requirements of the Steam and Heat Power Products, production coordination and measurement, price 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 shall be no less favourable to the Group as compared with the terms provided by an independent third party as supplier in respect of products of a similar or comparable nature.

Conditions precedent

The 2024 Steam Purchase Master Agreement will only be effective upon the fulfilment of the following conditions precedent by 31 December 2024:

- (1) all necessary approvals from competent authorities, as well as the board of directors, independent non-executive directors and general meetings of the parties to the agreement and/or all other relevant parties having been obtained (including the necessary approvals of the agreement and the transactions contemplated thereunder from the Stock Exchange and the Independent Shareholders); and
- (2) the compliance with all applicable laws and regulations (including the Listing Rules) and all requirements of competent authorities (including the Stock Exchange) in relation to the agreement and the transactions contemplated thereunder by the Company.

Historical figures, the previous annual caps and the proposed annual caps

Set out below are (i) the historical transaction amounts paid by the Group to the TEDA Holding Group in respect of the transactions carried out under the Existing Steam Purchase Master Agreement for the two years ended 31 December 2023 and the nine months ended 30 September 2024, (ii) the annual caps of the Existing Steam Purchase Master Agreement for the three years ending 31 December 2024, and (iii) the proposed annual caps for the three years ending 31 December 2027:

	For the year ended 31 December 2022	For the year ended 31 December 2023	For the nine months ended 30 September 2024
Historical amounts	RMB1,133,861,000	RMB947,003,000	RMB609,710,000
	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024
Previous annual caps	RMB1,350,000,000	RMB1,500,000,000	RMB1,633,000,000
	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Proposed annual caps	RMB1,400,000,000	RMB1,600,000,000	RMB1,700,000,000

The abovementioned proposed annual caps were determined with reference to the following factors:

- (i) the historical transaction amount in relation to Steam and Heat Power Products;
- (ii) the expected increase in demand of and the Company's projection of the purchase volume of Steam and Heat Power Products by the Group from the TEDA Holding Group during the term of the 2024 Steam Purchase Master Agreement; and
- (iii) the latest government guidance prices for the natural gas, and the current transacted prices of coal in the local coal exchange or market in the PRC, both of which are raw materials required to produce the Steam and Heat Power Products, and the recent and historical market prices of such products in the nearby regions.

Reasons for and benefits of the entering into of the 2024 Steam Purchase Master Agreement

The Group has been involved in the heat supply industry in TEDA since 2006 and has continued to supply heat and thermal power to industrial, commercial and residential customers in TEDA over the years. The entering into of the 2024 Steam Purchase Master Agreement with TEDA Holding will enable the Group to maintain an uninterrupted supply of heat and thermal power to its customers and is essential for the effective, efficient and continuous operation of the Group's utilities businesses in TEDA.

(D) THE 2024 PRODUCTS PROCUREMENT MASTER AGREEMENT

The principal terms of the 2024 Products Procurement Master Agreement are summarised as follows:

Date

15 November 2024

Parties

- (1) the Company (for itself and on behalf of its subsidiaries) (as purchaser); and
- (2) TEDA Holding (for itself and on behalf of its subsidiaries) (as supplier)

Term

Subject to the satisfaction of the conditions precedent referred to below, for a term of three years commencing from 1 January 2025 to 31 December 2027, unless terminated by either party by giving one month's notice in writing.

Subject matter

Members of the Group may from time to time purchase the Products as may be required by the Group in its ordinary course of business 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 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:-

- (1) 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
- (2) 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 of such Products will be negotiated between the relevant member of the Group and the relevant member 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, which will be entered into by the relevant parties pursuant to the principles and conditions set out in the 2024 Products Procurement Master Agreement. In general, if the Products are procured via the TEDA E-Commerce Platform, the consideration for such Procurement Transaction shall be settled simultaneously when the order is placed by the purchaser. 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.

Conditions precedent

The 2024 Products Procurement Master Agreement will only be effective upon the fulfilment of the following conditions precedent by 31 December 2024:

- (1) all necessary approvals from competent authorities, as well as the board of directors, independent non-executive directors and general meetings of the parties to the agreement and/or all other relevant parties having been obtained (including the necessary approvals of the agreement and the transactions contemplated thereunder from the Stock Exchange and the Independent Shareholders); and
- (2) the compliance with all applicable laws and regulations (including the Listing Rules) and all requirements of competent authorities (including the Stock Exchange) in relation to the agreement and the transactions contemplated thereunder by the Company.

Historical figure, the previous cap amount and the proposed annual caps

Set out below are (i) the historical transaction amount paid by the Group to the TEDA Holding Group in respect of the Procurement Transactions for the period from 1 September 2024 to 30 September 2024, (ii) the cap amount of the Existing Products Procurement Master Agreement and (iii) the proposed annual caps for the 2024 Products Procurement Master Agreement for the three years ending 31 December 2027:

	For the period from 1 September 2024 to 30 September 2024		
Historical amount			RMB5,868,000 ^{Note}
	For the period from 1 September 2024 to 31 December 2024		
Previous cap amount			RMB65,000,000
	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Proposed annual caps	RMB200,000,000	RMB280,000,000	RMB350,000,000

Note: During the period from 1 September 2024 to 30 September 2024, the TEDA E-commerce Platform was still in its initial stage of operation, resulting in that (i) some of the Products were not available on the TEDA E-commerce Platform yet; (ii) the necessary internal approvals from either the Group or the TEDA Holding Group in respect of certain Procurement Transactions were still in process. It is expected to have an uptick of Procurement Transactions in the last quarter of 2024, however, the amount of which could not be ascertained as at the date of this announcement.

The abovementioned proposed annual caps are 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 2024 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 2024 Products Procurement Master Agreement; and
- (iii) the current market prices offered by independent supplier of the Group for the procurement of similar products.

Reasons for and benefits of the entering into of the 2024 Products Procurement Master Agreement

Through the TEDA E-Commerce Platform established in November 2023 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 significant bargaining power and the capability to obtain better market price for the Products, by entering into the 2024 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.

(E) THE 2024 INTEGRATED SERVICES MASTER AGREEMENT

The principal terms of the 2024 Integrated Services Master Agreement are summarised as follows:

Date

15 November 2024

Parties

- (1) the Company (for itself and on behalf of its subsidiaries) (as service receiver); and
- (2) TEDA Holding (for itself and on behalf of its subsidiaries) (as service provider)

Term

Subject to the satisfaction of the conditions precedent referred to below, for a term of three years commencing from 1 January 2025 to 31 December 2027, unless terminated by either party by giving one month's notice in writing.

Subject matter

Members of the Group may from time to time engage members of the TEDA Holding Group for the provision of the Integrated Services as required by the Group in its ordinary course of business.

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 relevant member of the Group to the relevant member of 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 or 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, which could be on a one-off, monthly, quarterly, half-yearly or annual basis subject to the relevant type of services, or in accordance with the payment terms to be agreed by the relevant parties. 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.

Conditions precedent

The 2024 Integrated Services Master Agreement will only be effective upon the fulfilment of the following conditions precedent by 31 December 2024:

- (1) all necessary approvals from competent authorities, as well as the board of directors, independent non-executive directors and general meetings of the parties to the agreement and/or all other relevant parties having been obtained (including the necessary approvals of the agreement and the transactions contemplated thereunder from the Stock Exchange and the Independent Shareholders); and
- (2) the compliance with all applicable laws and regulations (including the Listing Rules) and all requirements of competent authorities (including the Stock Exchange) in relation to the agreement and the transactions contemplated thereunder by the Company.

Historical figure, the previous cap amount and the proposed annual caps

Set out below are (i) the historical transaction amount paid by the Group to the TEDA Holding Group in respect of the transactions carried out under the Existing Integrated Services Master Agreement for the period from 1 September 2024 to 30 September 2024, (ii) the cap amount of the Existing Integrated Services Master Agreement and (iii) the proposed annual caps for the 2024 Integrated Services Master Agreement for the three years ending 31 December 2027:

			For the period from 1 September 2024 to 30 September 2024
Historical amount			RMB1,401,000 ^{Note}
			For the period from 1 September 2024 to 31 December 2024
Previous cap amount			RMB17,000,000
	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Proposed annual caps	RMB150,000,000	RMB180,000,000	RMB200,000,000

Note: During the period from 1 September 2024 to 30 September 2024, (i) certain scheduled projects in which the Group will receive construction and engineering services from certain members of the TEDA Holding Group either had not commenced or were behind the original schedule and (ii) some of the Integrated Transactions were pending internal approval according to the Company's internal control measures.

The abovementioned proposed annual caps are 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 2024 Integrated Services Master Agreement;
- (ii) the prescribed price and the guidance price set by the PRC government for the Integrated Services (if any) during the term of the 2024 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 the entering into of the 2024 Integrated Services Master Agreement

TEDA Holding principally engages in, among other things, the provision of modern services. The Company considers that the entering into of the 2024 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.

(F) THE 2024 WATER TESTING SERVICES MASTER AGREEMENT

The principal terms of the 2024 Water Testing Services Master Agreement are summarised as follows:

Date

15 November 2024

Parties

- (1) the Company (for itself and on behalf of its subsidiaries) (as service provider); and
- (2) TEDA Holding (for itself and on behalf of its subsidiaries) (as service receiver).

Subject matter

Members of the TEDA Holding Group may from time to time engage members of the Group to provide Water Testing Services.

Term

For a term of three years commencing from 1 January 2025 to 31 December 2027, unless terminated by either party by giving one month's notice in writing.

Pricing basis

The fees chargeable by members of the Group in respect of provision of the Water Testing Services will be determined in accordance with the following principles:

- (1) for a test for non-organic substances, a test for organic substances or a technological validation: based on the specified chemical or the type of mixed chemicals, as well as the specific testing method, the fixed charges of which may be reviewed and adjusted by the relevant member of the Group from time to time;
- (2) for a test for biochemical substances: based on the specified type of bacteria or the relevant chemical substances related to such bacteria, as well as the specific testing method, the fixed charge of which may be reviewed and adjusted by the relevant member of the Group from time to time; and
- (3) for a test for the completion inspection of construction of water tanks: based on the relevant construction site or project.

The relevant member(s) of the TEDA Holding Group will pay the relevant member(s) of the Group in accordance with the detailed payment terms as set out in the individual contract(s), which will be entered into by the relevant parties pursuant to the principles and conditions set out in the 2024 Water Testing Services Master Agreement. In addition, the terms of each individual transaction shall be fair and reasonable, in accordance with the applicable laws and regulations of the PRC and on normal commercial terms, and shall be no more favourable to the TEDA Holding Group than those which the Group would offer to other independent third party customers.

The proposed annual caps

Set out below are the proposed annual caps in respect of the transactions contemplated under the 2024 Water Testing Services Master Agreement for the three years ending 31 December 2027:

	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Proposed annual caps	RMB10,000,000	RMB12,000,000	RMB15,000,000

The abovementioned proposed annual caps were determined based on the arm's length negotiation with reference to (i) an internal service price list of the Group which will be reviewed and updated where necessary from time to time based on the current market price; (ii) the required specifications, technical complexion, expected costs, market conditions and prevailing prices for similar services; and (iii) the service fees of similar or same testing services offered to independent third parties.

Reasons for and benefits of the entering into of the 2024 Water Testing Services Master Agreement

The 2024 Water Testing Services Master Agreement will increase the revenue and profits of the Group's utility business. Moreover, the 2024 Water Testing Services Master Agreement will allow the Group to expand its market share in the water testing industry, in particular in the markets such as drinking water quality testing and pollutants from urban sewage treatment plants testing.

INTERNAL CONTROL MEASURES

In order to ensure that the transactions contemplated under the 2024 Master Agreements will be conducted in accordance with its terms and the pricing policies and within the respective proposed cap amounts, the Group has in place the following internal control measures to monitor the transactions:

(1) ***in respect of the 2024 Water Transmission Pipelines Lease Master Agreement, the 2024 Heat and Power Networks and Facilities Lease Master Agreement, the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, and the 2024 Integrated Services Master Agreement,***

The members of the Group will regularly keep track of the offered prices for the Water Transmission Facilities, Heat and Power Networks, Steam and Heat Power Products, Products, and Integrated Services and, where available, compare them with those offered by independent third parties under the supervision of the finance department of the relevant Group members to ensure that the fees or prices for the aforementioned facilities or products are conducted on normal commercial terms and in accordance with the pricing policies in respect of the 2024 Water Transmission Pipelines Lease Master Agreement, the 2024 Heat and Power Networks and Facilities Lease Master Agreement, the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, and the 2024 Integrated Services Master Agreement.

(2) ***in respect of the 2024 Water Testing Services Master Agreement***

The personnel and management of the relevant Group members will conduct regular checks to review and assess whether individual transactions are conducted in accordance with the terms of the 2024 Water Testing Services Master Agreement, including but not limited to:

- (i) if a comparable market price is available, the Group will compare the proposed fees against market price to ensure that the proposed fees will not be lower than the fees for similar nature of service provided by independent third party manufacturers;
- (ii) if no comparable market price is available, the Group will conduct arm's length negotiation with the relevant connected person to determine the terms in line with the relevant pricing policies based on the value of the relevant service and the actual costs and expenses incurred; and
- (iii) after arm's length negotiation with the relevant connected person, the relevant members of the Group will report to their management who will approve individual transactions as appropriate.

(3) *in respect of all of the 2024 Master Agreements*

- (i) The financial management department of the relevant members of the Group will be responsible for preparing the accounting records, reporting, and statistical analysis of the continuing connected transactions, and for submitting the same to the Group on a regular basis, to monitor the utilisation of the proposed annual caps and to ensure compliance with the terms of the respective agreement and the pricing policy. The relevant financial management department will also regularly collect and monitor the transaction amounts of the continuing connected transactions to ensure timely assessment on whether the annual caps are exceeded; and
- (ii) the external auditors and independent non-executive Directors of the Company will regularly review the transactions contemplated under the 2024 Master Agreements to check and confirm, among other things, whether the pricing policies have been adhered to and whether the proposed annual caps have been exceeded.

OPINION OF THE DIRECTORS

None of the Directors has a material interest in the 2024 Master Agreements and the respective transactions contemplated thereunder. Notwithstanding the aforementioned, Mr. Teng Fei, Dr. Zhai Xinxiang and Mr. Sun Lijun, being Directors who are also director(s) and/or senior management of certain members of TEDA Holding, have either voluntarily abstained from voting on the Board resolutions, or were absent from the relevant Board meeting, for approving the 2024 Master Agreements and the respective transactions contemplated thereunder (including the proposed annual caps). Since all the executive Directors and the non-executive Director have voluntarily abstained or were absent from voting, the Board defers to the independent non-executive Directors' recommendations on the 2024 Master Agreements and the transactions contemplated thereunder.

The independent non-executive Directors consider that (i) the entering into of the 2024 Water Transmission Pipelines Lease Master Agreement, the 2024 Heat and Power Networks and Facilities Lease Master Agreement, the 2024 Water Testing Services Master Agreement, and the respective transactions contemplated thereunder (including the proposed annual caps) is in the ordinary and usual course of business of the Group, and (ii) the terms thereof are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After considering the advice from the Independent Financial Adviser, the independent non-executive Directors will express their views whether (i) the entering into of the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement and the respective transactions contemplated thereunder (including the proposed annual caps) is in the ordinary and usual course of business of the Group, and (ii) the terms thereof are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

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 as defined in the Listing Rules. Accordingly, the transactions contemplated under the 2024 Master Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) calculated based on the proposed annual caps for the respective transactions contemplated under the 2024 Water Transmission Pipelines Lease Master Agreement, the 2024 Heat and Power Networks and Facilities Lease Master Agreement, and the 2024 Water Testing Services Master Agreement are more than 0.1% but less than 5%, the entering into of the said agreements and the respective transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated based on the proposed annual caps for the respective transactions contemplated under each of the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement and the 2024 Integrated Services Master Agreement exceeds 5%, the entering into of the said agreements and the respective transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened at which ordinary resolutions will be proposed to approve the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement and the 2024 Integrated Services Master Agreement and the respective transactions contemplated thereunder (including the proposed annual caps). The associates of TEDA Holding will abstain from voting on those resolutions.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of each of the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement and the respective transactions contemplated thereunder (including the proposed annual caps). Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other things, (i) details of the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement and the respective transactions contemplated thereunder (including the proposed annual caps); (ii) the recommendations from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 5 December 2024.

DEFINITIONS

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

“2024 Heat and Power Networks and Facilities Lease Master Agreement” the heat and power networks and facilities lease master agreement dated 15 November 2024 entered into between the Company (as lessee) and TEDA Holdings (as lessor) in relation to the lease of the Heat and Power Networks for a term commencing from 1 January 2025 to 31 December 2027

“2024 Integrated Services Master Agreement”	the integrated services master agreement dated 15 November 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 January 2025 to 31 December 2027
“2024 Master Agreements”	collectively, the 2024 Water Transmission Pipelines Lease Master Agreement, the 2024 Heat and Power Networks and Facilities Lease Master Agreement, the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement and the 2024 Water Testing Services Master Agreement
“2024 Products Procurement Master Agreement”	the products procurement master agreement dated 15 November 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 January 2025 to 31 December 2027
“2024 Steam Purchase Master Agreement”	the steam purchase master agreement dated 15 November 2024 entered into between TEDA Holding (as supplier) and the Company (as purchaser), in relation to the purchase of Steam and Heat Power Products for a term commencing from 1 January 2025 to 31 December 2027
“2024 Water Testing Services Master Agreement”	the water testing services master agreement dated 15 November 2024 entered into between the Company (as service provider) and TEDA Holding (as service receiver), in relation to the provision of Water Testing Services for a term commencing from 1 January 2025 to 31 December 2027
“2024 Water Transmission Pipelines Lease Master Agreement”	the water transmission pipelines lease master agreement dated 15 November 2024 entered into between the Company (as lessee) and TEDA Holding (as lessor) in relation to the lease of the Water Transmission Facilities for a term commencing from 1 January 2025 to 31 December 2027
“associates”	has the meaning ascribed to it under 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Existing Agreements”	collectively, the Existing Water Transmission Pipelines Lease Master Agreement, the Existing Heat and Power Networks and Facilities Lease Master Agreement, the Existing Steam Purchase Master Agreement, the Existing Products Procurement Master Agreement and the Existing Integrated Services Master Agreement
“Existing Heat and Power Networks and Facilities Lease Master Agreement”	the heat and power networks and facilities lease master agreement dated 17 November 2021 entered into between the Company (as lessee) and TEDA Holding (as lessor), in relation to the lease of Heat and Power Networks from 1 January 2022 to 31 December 2024
“Existing Integrated Services Master Agreement”	the integrated services master agreement dated 29 August 2024 entered into between the Company (as customer) and TEDA Holding (as service provider) for the provision of the Integrated Services from 1 September 2024 to 31 December 2024
“Existing Products Procurement Master Agreement”	the products procurement master agreement dated 29 August 2024 entered into between the Company (as purchaser) and TEDA Holding (as supplier) for the purchase of the Products from 1 September 2024 to 31 December 2024
“Existing Steam Purchase Master Agreement”	the steam purchase master agreement dated 17 November 2021 entered into between the Company (as purchaser) and TEDA Holding (as supplier), as amended by a supplemental agreement dated 11 November 2022, in relation to the purchase of Steam and Heat Power Products from 1 January 2022 to 31 December 2024
“Existing Water Transmission Pipelines Lease Master Agreement”	the water transmission pipelines lease master agreement dated 17 November 2021 entered into the Company (as lessee) and TEDA Holding (as lessor), in relation to the lease of Water Transmission Facilities from 1 January 2022 to 31 December 2024
“Heat and Power Networks”	heat and power networks and related facilities let by TEDA Holding Group to the Group
“HKFRS 16”	the Hong Kong Financial Reporting Standard 16 “Leases” (as amended from time to time)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders in respect of the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“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 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement, the 2024 Integrated Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Shareholders”	the Shareholders who do not have a material interest in the 2024 Steam Purchase Master Agreement, the 2024 Products Procurement Master Agreement and the 2024 Integrated Services Master Agreement and the transactions contemplated thereunder, and excluding associates of TEDA Holding
“Integrated Services”	certain 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
“Integrated Services Transaction(s)”	the provision of Integrated Services by members of the TEDA Holding Group to members of the Group
“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 Transaction(s)”	the purchase of Products by members of the Group from members of the TEDA Holding Group as conducted and/or contemplated (as the case may be) under the Existing Products Procurement Master Agreement and the 2024 Products Procurement Master Agreement
“Products”	certain product(s), including daily office supplies, consumables and spare parts and other products as may be required by the Group from time to time
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) in the Company

“Steam and Heat Power Products”	steam and heat power products
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“TEDA”	Tianjin Economic and Technological Development Area (天津經濟技術開發區)
“TEDA E-Commerce Platform”	the supply chain e-commerce system established and operated by the TEDA Holding Group
“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 Government and is an intermediate controlling Shareholder
“TEDA Holding Group”	TEDA Holding and its subsidiaries (other than members of the Group)
“Tianjin Government”	the Tianjin Municipal People’s Government of the PRC
“Water Testing Services”	the services of conducting various tests on water samples, including but not limited to samples of drinking water, ground surface water, underground water, water for aesthetic environment use, urban miscellaneous water and other sources of water, and the provision of ancillary services thereto
“Water Transmission Facilities”	water transmission pipelines and (if applicable) the relevant ancillary facilities
“%”	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.

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

Hong Kong, 15 November 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*