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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**

On 17 November 2021, the Company entered into (i) the 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement and the 2021 Steam Purchase Master Agreement, and (ii) the 2021 Master Sales Agreement and the 2021 Entrusted Processing Master Agreement respectively with TEDA Holding and Tianjin Pharmaceutical to renew (and, in the case of the 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement and the 2021 Steam Purchase Master Agreement, create framework agreements for) the continuing connected transactions contemplated under the Existing Agreements for a term of three years commencing from 1 January 2022 to 31 December 2024.

On the same day, the Company also entered into the 2021 Master Purchase Agreement with Tianjin Pharmaceutical pursuant to which the Group agreed to purchase Pharmaceutical Products or Raw Materials from Tianjin Pharmaceutical for a term of three years commencing from 1 January 2022 to 31 December 2024.

As at the date of this announcement, Tianjin Bohai, an indirect wholly-owned subsidiary of 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, TEDA Holding and its subsidiaries are therefore connected persons of the Company as defined in the Listing Rules. In addition, Tianjin Bohai directly holds 33% equity interest in Tianjin Pharmaceutical, Tianjin Pharmaceutical is therefore an associate of Tianjin Bohai and also a connected person of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the 2021 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 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement and the 2021 Master Purchase 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 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement and the 2021 Entrusted Processing 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 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing 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 Red Sun Capital Limited 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 3 December 2021.

INTRODUCTION

Reference is made to the announcements of the Company (i) dated 6 December 2018 in relation to the Existing Master Sales Agreement; (ii) dated 19 January 2021 in relation to the Existing Entrusted Processing Master Agreement; and (iii) dated 30 April 2021 in relation to, among other things, the Existing Water Transmission Pipelines Lease Agreement, the Existing Heat and Power Networks and Facilities Lease Agreement and the Existing Steam Purchase Agreements.

As the Existing Agreements will expire on 31 December 2021, on 17 November 2021, the Company entered into (i) the 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement and the 2021 Steam Purchase Master Agreement, and (ii) the 2021 Master Sales Agreement and the 2021 Entrusted Processing Master Agreement respectively with TEDA Holding and Tianjin Pharmaceutical to renew (and, in the case of the 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement and the 2021 Steam Purchase Master Agreement, create framework agreements for) the continuing connected transactions contemplated under the Existing Agreements for a term of three years commencing from 1 January 2022 to 31 December 2024.

On the same day, the Company also entered into the 2021 Master Purchase Agreement with Tianjin Pharmaceutical pursuant to which the Group agreed to purchase Pharmaceutical Products or Raw Materials from Tianjin Pharmaceutical for a term of three years commencing from 1 January 2022 to 31 December 2024.

(A) THE 2021 WATER TRANSMISSION PIPELINES LEASE MASTER AGREEMENT

The principal terms of the 2021 Water Transmission Pipelines Lease Master Agreement are summarised as follows:

Date

17 November 2021

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 2022 to 31 December 2024, 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 115% of (i) the monthly depreciation costs of the relevant Water Transmission Facilities plus (ii) the relevant loan interest attributable to the costs of construction of the 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 leasing fees were determined after arm's length negotiations between the parties which will make reference to the depreciation costs and the costs of repair and maintenance of the relevant Water Transmission Facilities for the relevant year.

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 2021 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.

Historical figures 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 Agreement for the two years ended 31 December 2020 and the nine months ended 30 September 2021, and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
Historical amounts	RMB32,601,079 (approximately HK\$39,090,023)	RMB16,254,236 (approximately HK\$19,489,492)	RMB9,405,600 (approximately HK\$11,277,698)
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB15,000,000 (approximately HK\$17,985,612)	RMB16,000,000 (approximately HK\$19,184,652)	RMB17,300,000 (approximately HK\$20,743,405)

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 2021 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 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 2021 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.

Before 28 April 2021, members of the TEDA Holding Group were not connected persons of the Company, and the previous lease transactions did not constitute continuing connected transactions of the Company.

Reasons for and benefits of the entering into of the 2021 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. Considering (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 2021 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 2021 HEAT AND POWER NETWORKS AND FACILITIES LEASE MASTER AGREEMENT

The principal terms of the 2021 Heat and Power Networks and Facilities Lease Master Agreement are summarised as follows:

Date

17 November 2021

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 operation according to their needs.

Term

For a term of three years from 1 January 2022 to 31 December 2024, unless terminated by either party by giving one month's notice in writing.

Pricing basis

The monthly leasing fee shall be calculated based on 115% of the monthly depreciation costs of the relevant Heat and Power Networks incurred by the relevant members of the TEDA Holding Group.

The leasing fees were determined after arm's length negotiations between the parties which will make reference to the depreciation costs of the relevant Heat and Power Networks for the relevant year.

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 2021 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.

Historical figures 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 Agreement for the two years ended 31 December 2020 and the nine months ended 30 September 2021, and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
Historical amounts	RMB19,223,389 (approximately HK\$23,049,627)	RMB11,775,211 (approximately HK\$14,118,958)	RMB10,087,997 (approximately HK\$12,095,920)
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB11,000,000 (approximately HK\$13,189,448)	RMB11,800,000 (approximately HK\$14,148,681)	RMB12,700,000 (approximately HK\$15,227,818)

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 2021 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 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 2021 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.

Before 28 April 2021, members of the TEDA Holding Group were not connected persons of the Company, and the previous lease transactions did not constitute continuing connected transactions of the Company.

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 2021 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. Considering (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 2021 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 2021 STEAM PURCHASE MASTER AGREEMENT

The principal terms of the 2021 Steam Purchase Master Agreement are summarised as follows:

Date

17 November 2021

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 2022 to 31 December 2024, 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 2021 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.

Conditions precedent

The 2021 Steam Purchase Master Agreement will only be effective upon the fulfilment of the following conditions precedent by 31 December 2021:

- (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 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 Agreements for the two years ended 31 December 2020 and nine months ended 30 September 2021, and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
Historical amounts	RMB783,394,136 (approximately HK\$939,321,506)	RMB738,980,073 (approximately HK\$886,067,234)	RMB630,087,482 (approximately HK\$755,500,578)
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB1,040,000,000 (approximately HK\$1,247,002,398)	RMB1,120,000,000 (approximately HK\$1,342,925,659)	RMB1,130,000,000 (approximately HK\$1,354,916,067)

The abovementioned proposed annual caps were determined with reference to the expected demand of Steam and Heat Power Products of the Group from the TEDA Holding Group during the term, the latest government guidance prices for the natural gas, the current transacted coal prices of the local coal exchange or market in the PRC required to produce the Steam and Heat Power Products and the recent market price of such products in the nearby regions.

Before 28 April 2021, members of the TEDA Holding Group were not connected persons of the Company, and the previous purchase transactions did not constitute continuing connected transactions of the Company.

Reasons for and benefits of the entering into of the 2021 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 2021 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 2021 MASTER SALES AGREEMENT

The principal terms of the 2021 Master Sales Agreement are summarised as follows:

Date

17 November 2021

Parties

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

Subject matter

Members of the Group may from time to time sell Chemical Drug and Pharmaceutical Products to members of the Tianjin Pharmaceutical Group according to their needs.

Term

Subject to the satisfaction of the conditions precedent referred to below, for a term of three years commencing from 1 January 2022 to 31 December 2024, unless terminated by either party by giving one month's notice in writing.

Pricing policy

The prices of the Chemical Drug and Pharmaceutical Products will be determined in accordance with the following principles:

- (1) the members of the Group will sell the Chemical Drug and Pharmaceutical Products to members of the Tianjin Pharmaceutical Group in accordance with the following pricing policies which are equally applicable to independent third party customers:
 - (i) the price (the “**Annual Price**”) of each of the Chemical Drug and Pharmaceutical Products will be determined on an annual basis with reference to the costs of production, past/projected profit margin (which may range from 5% to 90% depending on the product category), the market conditions (e.g. the market demand for such category of products and the availability of similar or comparable products in the market) and the price of similar products offered by independent third party suppliers in the same region;
 - (ii) such Annual Price may be adjusted from time to time according to the market conditions (e.g. fluctuations in the costs of raw materials and changes in market demand) and shall be reviewed regularly; and
- (2) the members of the Group may, based on the transaction quantity and payment terms, offer to the members of the Tianjin Pharmaceutical Group the same discount which the Group would offer to its independent third party customers.

The table below sets out the average profit margin in respect of each category of the Chemical Drug and Pharmaceutical Products during the period for the nine months ended 30 September 2021:

Category of products	Average profit margin (approx. %)
Tablets	68%
Capsules	36%
Injection medicines	43%
Other forms of chemical drug products	32%
Pharmaceutical printing and packaging products	25%

The relevant member(s) of the Tianjin Pharmaceutical Group will pay the relevant member(s) of the Group in accordance with the detailed payment terms as set out in the individual sales contract(s), which will be entered into by the relevant parties pursuant to the principles and conditions set out in the 2021 Master Sales Agreement. In addition, the terms of each individual transaction (including but not limited to 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 shall be on terms which are no more favourable than those which the Group would offer to other independent third party customers.

Conditions precedent

The 2021 Master Sales Agreement will only be effective upon the fulfilment of the following conditions precedent by 31 December 2021:

- (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 and the proposed annual caps

Set out below are (i) the historical transaction amounts paid by the Tianjin Pharmaceutical Group to the Group in respect of the transactions carried out under the Existing Master Sales Agreement for the two years ended 31 December 2020 and the nine months ended 30 September 2021, and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
Historical amounts	RMB72,424,622 (approximately HK\$86,840,074)	RMB62,945,738 (approximately HK\$75,474,506)	RMB46,165,310 (approximately HK\$55,354,089)
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB90,000,000 (approximately HK\$107,913,669)	RMB110,000,000 (approximately HK\$131,894,484)	RMB135,000,000 (approximately HK\$161,870,504)

The abovementioned proposed annual caps were determined with reference to (i) the historical transaction amounts in respect of the Sales Transactions; (ii) the projected level of demand for the Chemical Drug and Pharmaceutical Products by members of the Tianjin Pharmaceutical Group, which has extensive distribution networks that cover most of the major retail pharmacy groups, clinics and hospitals in Tianjin; and (iii) the PRC's policy to promote the pharmaceutical industry.

Reasons for and benefits of the entering into of the 2021 Master Sales Agreement

Members of the Group had in their ordinary course of business been selling the Chemical Drug and Pharmaceutical Products to members of the Tianjin Pharmaceutical Group in the past. The Directors are of the view that the continuation of the Sales Transactions will enable the Company to maintain its long-term cooperative relationship with the Tianjin Pharmaceutical Group while taking advantage of its wide customer base and extensive distribution network, thus providing a stable source of income for the Group.

(E) THE 2021 ENTRUSTED PROCESSING MASTER AGREEMENT

The principal terms of the 2021 Entrusted Processing Master Agreement are summarised as follows:

Date

17 November 2021

Parties

- (1) The Company (for itself and on behalf of its subsidiaries) (as trustee); and
- (2) Tianjin Pharmaceutical (for itself and on behalf of its subsidiaries) (as entrustor).

Subject matter

Members of the Tianjin Pharmaceutical Group may from time to time entrust members of the Group with the carrying out of manufacturing, processing, quality control, inspection, warehousing and other related work in respect of the Drugs.

Term

Subject to the satisfaction of the conditions precedent referred to below, for a term of three years commencing from 1 January 2022 to 31 December 2024, unless terminated by either party by giving one month's notice in writing.

Pricing basis

The manufacturing and processing fees will be determined in accordance with the following principles:

- (1) the members of the Group will, in accordance with the following pricing policies which are equally applicable to independent third party customers, and with reference to other factors including market conditions and fees charged by independent third parties for the manufacturing and processing of similar Drugs, charge the members of the Tianjin Pharmaceutical Group the following manufacturing and processing fees:
 - (i) *for raw materials and packaging materials*: the relevant costs of procurement;

- (ii) *for production inputs other than raw materials and packaging materials and for work done including entrusted manufacturing and processing*: total costs plus a profit margin of approximately 20% to 45%; and
- (2) the members of the Group may, based on the production quantity and payment terms, offer to the members of the Tianjin Pharmaceutical Group the same discount which the Group would offer to its independent third party customers.

The relevant member(s) of the Tianjin Pharmaceutical 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 2021 Entrusted Processing Master Agreement. In addition, the terms of each individual transaction (including but not limited to process, quality control, production safety, 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.

Conditions precedent

The 2021 Entrusted Processing Master Agreement will only be effective upon the fulfilment of the following conditions precedent by 31 December 2021:

- (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 and the proposed annual caps

Set out below are (i) the historical transaction amount paid by the Tianjin Pharmaceutical Group to the Group in respect of the transactions carried out under the Existing Entrusted Processing Master Agreement (including the fees for (a) raw materials and packaging materials and (b) other production and work done) for the nine months ended 30 September 2021, and (ii) the proposed annual caps for the three years ending 31 December 2024:

			For the nine months ended 30 September 2021
Historical amount			RMB5,574,200 (approximately HK\$6,683,693)
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB80,000,000 (approximately HK\$95,923,261)	RMB90,000,000 (approximately HK\$107,913,669)	RMB100,000,000 (approximately HK\$119,904,077)

The abovementioned proposed annual caps were determined with reference to (i) the manufacturing plans of the Tianjin Pharmaceutical Group during the term of the 2021 Entrusted Processing Master Agreement; and (ii) the expected Drug manufacturing and processing capacity of the Group.

Reasons for and benefits of the entering into of the 2021 Entrusted Processing Master Agreement

The relevant member(s) of Tianjin Pharmaceutical Group includes drug market authorised licence holders which are allowed to use qualified contract manufacturing organisation to manufacture pharmaceutical products. Members of the Group, being qualified contract manufacturing organisations, may take advantage of the business opportunities under the Drug MAH System in the pharmaceutical outsourcing industry in the PRC through the entering into of the 2021 Entrusted Processing Master Agreement and the transactions contemplated thereunder. In addition, the entering into of the 2021 Entrusted Processing Master Agreement also allows the Group to fully utilise its production capacity and provide the Group with a steady source of income.

(F) THE 2021 MASTER PURCHASE AGREEMENT

The principal terms of the 2021 Master Purchase Agreement are summarised as follows:

Date

17 November 2021

Parties

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

Subject matter

Members of the Group may from time to time purchase Pharmaceutical Products or Raw Materials from members of the Tianjin Pharmaceutical Group according to their production needs.

Term

For a term of three years commencing from 1 January 2022 to 31 December 2024, unless terminated by either party by giving one month's notice in writing.

Pricing basis

The price of the Pharmaceutical Product(s) or Raw Materials will be determined in accordance with the following principles:

- (1) depending on the type of Pharmaceutical Product or Raw Material to be purchased under the individual contract, if governmental-prescribed price is applicable to such type of drug or raw material, such Pharmaceutical Product or Raw Material shall be supplied at the applicable governmental-prescribed price;
- (2) if governmental-prescribed price is not available for the particular type of Pharmaceutical Product or Raw Material but a governmental-guided pricing standard is available, the price will fall within the range of the government-guided price; and

- (3) where no pricing standard is available as aforesaid, the price shall be determined through arm's length basis by parties with reference to the then prevailing market price and taking into account the quantity and quality of the relevant Pharmaceutical Product or Raw Material, and the Group will evaluate the fairness and reasonableness of the price by obtaining at least two other quotations for the relevant Pharmaceutical Product or Raw Material with similar quality and quantity from independent third party suppliers.

The relevant member(s) of the Group will pay the relevant member(s) of the Tianjin Pharmaceutical 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 2021 Master Purchase Agreement. 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.

Proposed annual caps

Set out below are (i) the historical transaction amounts paid by the Group to the Tianjin Pharmaceutical Group for the purchase of the Pharmaceutical Product(s) or Raw Materials for the two years ended 31 December 2020 and the nine months ended 30 September 2021, and (ii) the expected maximum annual transaction amounts in respect of the transactions contemplated under the 2021 Master Purchase Agreement for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
Historical amounts	RMB106,290 (approximately HK\$127,446)	RMB93,361 (approximately HK\$111,944)	RMB2,113,800 (approximately HK\$2,534,532)
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB9,000,000 (approximately HK\$10,791,367)	RMB10,000,000 (approximately HK\$11,990,408)	RMB12,000,000 (approximately HK\$14,388,489)

The abovementioned proposed annual caps were determined with reference to the amount of the Pharmaceutical Product(s) or Raw Materials required under individual contracts previously agreed between members of the Group and members of Tianjin Pharmaceutical Group, the expected demand for such products and the estimated increase in the average price for the Pharmaceutical Product(s) or Raw Materials due to inflation and development of the PRC pharmaceutical and trading markets.

Reasons for and benefits of the entering into of the 2021 Master Purchase Agreement

The transactions contemplated under the 2021 Master Purchase Agreement have been an integral part of the Group's business. Throughout the long-term cooperation with the Tianjin Pharmaceutical Group, the Tianjin Pharmaceutical Group has been delivering Pharmaceutical Product(s) or Raw Materials with a consistent level of good quality and with competitive prices. By entering into the 2021 Master Purchase Agreement, the Group can ensure the quality consistency and manufacturing efficiencies of its own pharmaceutical products.

INTERNAL CONTROL MEASURES

In order to ensure that the transactions contemplated under the 2021 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 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement, the 2021 Steam Purchase Master Agreement and the 2021 Master Purchase 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 and Pharmaceutical Products or Raw Materials 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 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement, the 2021 Steam Purchase Master Agreement and the 2021 Master Purchase Agreement.

(2) ***in respect of the 2021 Master Sales Agreement***

The general managers of the relevant Group members will be responsible for determining the Annual Prices of the Chemical Drug and Pharmaceutical Products at the beginning of each year and review such Annual Prices to make adjustments from time to time where necessary in response to market situations, including, among others, fluctuations in raw material costs and changes in market demands. The Group will regularly review the market price of the Chemical Drug and Pharmaceutical Products under the supervision of the finance department of the relevant Group members and compare the selling price of the Chemical Drug and Pharmaceutical Products with similar products on the market before the approval of separate sales contract(s) between members of the Group and members of the Tianjin Pharmaceutical Group in order to ensure that the actual selling price of the Chemical Drug and Pharmaceutical Products and discount to be offered will be no more favourable than those offered to independent third party customers and that the Sales Transactions are conducted in the interests of the Group.

The Group will also inform all its sales agents of the fixed prices of the Chemical Drug and Pharmaceutical Products, and the sales of Chemical Drug and Pharmaceutical Products must be processed at such fixed prices until further notice from the Group. The Group will also ensure that the same sales policy is applied to both independent third parties as well as the Tianjin Pharmaceutical Group. The sales department of the relevant Group members will also monitor the transaction amounts in order to prevent the aggregated sales amount of the Sales Transactions from exceeding the relevant annual caps.

(3) ***in respect of the 2021 Entrusted Processing 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 2021 Entrusted Processing Master Agreement, including but not limited to:

- (a) 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;
- (b) 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

- (c) 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.

(4) *in respect of all of the 2021 Master Agreements*

- (a) 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. 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
- (b) the external auditors and independent non-executive Directors of the Company will review the transactions contemplated under the 2021 Master Agreements to check and confirm, among other things, whether the pricing policies have been adhered to and whether the proposed cap amounts have been exceeded.

OPINION OF THE DIRECTORS

The Directors (including the independent non-executive Directors) consider that (i) the entering into of the 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement, the 2021 Master Purchase 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.

The Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that (i) the entering into of the 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing 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.

None of the Directors has a material interest in the 2021 Master Agreements and the transactions contemplated thereunder. Notwithstanding, as Mr. Cheung Wing Yui, Edward, non-executive Director, is a consultant of Messrs. Woo Kwan Lee & Lo which provides legal and professional services to the Company in respect of the 2021 Master Agreements, he has voluntarily abstained from voting on the Board resolution for approving the 2021 Master Agreements and the respective transactions contemplated thereunder (including the proposed annual caps).

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 presses, mechanical and hydroelectric equipment and large scale pump units; and (v) strategic and other investments including investments in associates which are principally engaging 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.

Tianjin Pharmaceutical is a state-owned enterprise established in the PRC which is directly held as to 33% by Tianjin Bohai, which is in turn indirectly wholly-owned by TEDA Holding. It principally engages in the manufacture and sale of a broad range of pharmaceutical products, research and development, and provision of related consultancy service.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tianjin Bohai, an indirect wholly-owned subsidiary of 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, TEDA Holding and its subsidiaries are therefore connected persons of the Company as defined in the Listing Rules. In addition, Tianjin Bohai directly holds 33% equity interest in Tianjin Pharmaceutical, Tianjin Pharmaceutical is therefore an associate of Tianjin Bohai and also a connected person of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the 2021 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 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement and the 2021 Master Purchase 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 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement and the 2021 Entrusting Processing 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 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing 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 Red Sun Capital Limited 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 3 December 2021.

DEFINITIONS

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

“2021 Entrusted Processing Master Agreement”	the entrusted manufacturing and processing master agreement dated 17 November 2021 entered into between the Company (as trustee) and Tianjin Pharmaceutical (as entrustor), pursuant to which members of the Tianjin Pharmaceutical Group may entrust members of the Group with the manufacturing, processing and the carrying out of other related work of certain Drugs for a term commencing from 1 January 2022 to 31 December 2024
“2021 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 Holdings (as lessor) in relation to the lease of the Heat and Power Networks for a term commencing from 1 January 2022 to 31 December 2024
“2021 Master Agreements”	collectively, the 2021 Water Transmission Pipelines Lease Master Agreement, the 2021 Heat and Power Networks and Facilities Lease Master Agreement, the 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing Master Agreement and the 2021 Master Purchase Agreement
“2021 Master Purchase Agreement”	the master purchase agreement dated 17 November 2021 entered into between the Company (as purchaser) and Tianjin Pharmaceutical (as supplier), pursuant to which members of the Group may purchase Pharmaceutical Products or Raw Materials from members of the Tianjin Pharmaceutical Group for a term commencing from 1 January 2022 to 31 December 2024
“2021 Master Sales Agreement”	the master sales agreement dated 17 November 2021 entered into between the Company (as supplier) and Tianjin Pharmaceutical (as purchaser), in relation to the Sales Transactions for a term commencing from 1 January 2022 to 31 December 2024
“2021 Steam Purchase Master Agreement”	the steam purchase master agreement dated 17 November 2021 entered into between TEDA Holding (as supplier) and the Company (as purchaser), pursuant to which members of the Group may purchase Steam and Heat Power Products from members of the TEDA Holding Group for a term commencing from 1 January 2022 to 31 December 2024
“2021 Water Transmission Pipelines Lease Master Agreement”	the water transmission pipelines 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 the Water Transmission Facilities for a term commencing from 1 January 2022 to 31 December 2024
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Chemical Drug and Pharmaceutical Products”	chemical drug products manufactured by members of the Group and pharmaceutical printing and packaging products
“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
“Director(s)”	director(s) of the Company
“Drugs”	drugs other than those the manufacturing and processing of which are prohibited to be entrusted to qualified contract manufacturing organisation under the Drug MAH System of the PRC
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing Master Agreement and transactions contemplated thereunder (including the proposed annual caps)
“Existing Agreements”	collectively, the Existing Water Transmission Pipelines Lease Agreement, the Existing Heat and Power Networks and Facilities Lease Agreement, the Existing Steam Purchase Agreements, the Existing Master Sales Agreement and the Existing Entrusted Processing Master Agreement
“Existing Entrusted Processing Master Agreement”	the entrusted manufacturing and processing master agreement dated 19 January 2021 entered into between the Company (as trustee) and Tianjin Pharmaceutical (as entrustor), pursuant to which members of the Tianjin Pharmaceutical Group may entrust members of the Group with the manufacturing, processing and the carrying out of other related work of certain Drugs for a term commencing from 19 January 2021 to 31 December 2021
“Existing Heat and Power Networks and Facilities Lease Agreement”	the heat and power networks and facilities lease agreement dated 1 December 2012 entered into between Tianjin TEDA Tsinlien Heat & Power (a subsidiary of the Company) (as lessee) and Tianjin TEDA Heat & Power Energy Management Co., Ltd. (天津泰達熱電能源管理有限公司) (a wholly-owned subsidiary of TEDA Holding) (as lessor), as amended by a supplemental agreement dated 4 December 2020, in relation to the lease of Heat and Power Networks for the term from 1 December 2012 to 31 December 2021
“Existing Master Sales Agreement”	the master sales agreement dated 6 December 2018 entered into between the Company (as supplier) and Tianjin Pharmaceutical (as purchaser) in relation to the Sales Transactions for a term commencing from 1 January 2019 to 31 December 2021

“Existing Steam Purchase Agreements”	collectively, (i) the steam purchase agreement dated 31 December 2020 entered into between Tianjin TEDA Energy Development (a wholly-owned subsidiary of TEDA Holding) (as supplier) and Tianjin TEDA Tsinlien Heat & Power (a subsidiary of the Company) (as purchaser), as amended by a supplemental agreement dated 31 March 2021, and (ii) the agreement dated 31 December 2020 entered into between Guohua Energy Development (a wholly-owned subsidiary of TEDA Holding) (as supplier) and Tianjin TEDA Tsinlien Heat & Power (as purchaser), as amended by a supplemental agreement dated 31 March 2021, in relation to the provision of Steam and Heat Power Products for the term of one year from 1 January 2021 to 31 December 2021
“Existing Water Transmission Pipelines Lease Agreement”	the water transmission pipelines lease agreement dated 1 January 2016 entered into between Tianjin TEDA Tsinlien Water Supply (a subsidiary of the Company) (as lessee) and Tianjin TEDA Water Industry (a wholly-owned subsidiary of TEDA Holding) (as lessor), as amended by a supplemental agreement dated 4 December 2020, in relation to the lease of Water Transmission Facilities for the term of six years from 1 January 2016 to 31 December 2021
“Group”	the Company and its subsidiaries
“Guohua Energy Development”	Guohua Energy Development (Tianjin) Co., Ltd. (國華能源發展(天津)有限公司), a state-owned enterprise established in the PRC which is indirectly wholly-owned by the Tianjin Government and is a wholly-owned subsidiary of TEDA Holding
“Heat and Power Networks”	heat and power networks and related facilities let by TEDA Holding Group to the Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement, the 2021 Entrusted Processing 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 2021 Steam Purchase Master Agreement, the 2021 Master Sales Agreement and the 2021 Entrusted Processing Master Agreement, and excluding associates of TEDA Holding
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Pharmaceutical Products or Raw Materials”	pharmaceutical products or raw materials required for the production of pharmaceutical products by members of the Group
“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
“Sales Transactions”	the sales of Chemical Drug and Pharmaceutical Products by members of the Group to members of the Tianjin Pharmaceutical Group
“Shareholder(s)”	holder(s) of shares in the Company
“Steam and Heat Power Products”	steam and heat power products
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEDA”	Tianjin Economic and Technological Development Area (天津經濟技術開發區)
“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 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 state-owned enterprise established in the PRC which is indirectly wholly-owned by TEDA Holding and is an intermediate controlling Shareholder
“Tianjin Government”	the Tianjin Municipal People’s Government of the PRC
“Tianjin Pharmaceutical”	Tianjin Pharmaceutical Group Co., Ltd. (天津市醫藥集團有限公司), a state-owned enterprise established in the PRC which is directly held as to 33% by Tianjin Bohai
“Tianjin Pharmaceutical Group”	Tianjin Pharmaceutical and its subsidiaries

“Tianjin TEDA Energy Development”	Tianjin TEDA Energy Development Co., Ltd. (天津泰達能源發展有限公司), a state-owned enterprise established in the PRC which is indirectly wholly-owned by the Tianjin Government and is a subsidiary of TEDA Holding
“Tianjin TEDA Tsinlien Water Supply”	Tianjin TEDA Tsinlien Water Supply Co., Ltd. (天津泰達津聯自來水有限公司), a company established in the PRC and a subsidiary of the Company
“Tianjin TEDA Water Industry”	Tianjin TEDA Water Industry Co., Ltd. (天津泰達水業有限公司), a state-owned enterprise established in the PRC which is indirectly wholly-owned by the Tianjin Government and is a wholly-owned subsidiary of TEDA Holding
“Tianjin TEDA Tsinlien Heat & Power”	Tianjin TEDA Tsinlien Heat & Power Co., Ltd. (天津泰達津聯熱電有限公司), a company established in the PRC and a subsidiary of the Company
“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.

In this announcement, RMB has been converted to HK\$ at the rate of RMB0.834 = 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
Chen Yanhua
Executive Director and General Manager

Hong Kong, 17 November 2021

As at the date of this announcement, the Board of the Company consists of Mr. Zhang Bingjun, 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*