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天津發展控股有限公司  
TIANJIN DEVELOPMENT HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 882)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **PROPOSED REVISION OF ANNUAL CAPS OF THE 2021 STEAM PURCHASE MASTER AGREEMENT**

Reference is made to the announcement of the Company dated 17 November 2021 and the circular of the Company dated 3 December 2021 in relation to, inter alia, the 2021 Steam Purchase Master Agreement entered into between the Company and TEDA Holding on 17 November 2021, pursuant to which 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 for a term of three years commencing from 1 January 2022 to 31 December 2024.

The Company expects that the Existing Annual Caps will not be sufficient for the transaction amounts to be incurred for the purchase of Steam and Heat Power Products under the 2021 Steam Purchase Master Agreement. Accordingly, on 11 November 2022, the Company entered into the Supplemental Agreement with TEDA Holding to revise the Existing Annual Caps.

As at the date of this announcement, TEDA Holding is the controlling Shareholder indirectly interested in approximately 62.81% of the total issued shares of the Company. Members of the TEDA Holding Group are therefore connected persons of the Company. Accordingly, the Supplemental Agreement and transactions contemplated thereunder (including the Proposed Revised Annual Caps) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, since the Company proposes to revise the Existing Annual Caps under the 2021 Steam Purchase Master Agreement, the Company is required to re-comply with the relevant requirements of Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Revised Annual Caps exceeds 5%, the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) further details of the Supplemental Agreement and the Proposed Revised Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a 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 2 December 2022.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 17 November 2021 and the circular of the Company dated 3 December 2021 in relation to, inter alia, the 2021 Steam Purchase Master Agreement entered into between the Company and TEDA Holding on 17 November 2021, pursuant to which 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 for a term of three years commencing from 1 January 2022 to 31 December 2024.

In view that the purchase price of both coal-generated steam and gas-generated steam have increased considerably in the first half of 2022, and combined with the fluctuation in price index of coal and natural gas in the PRC, the Company expects that the Existing Annual Caps will not be sufficient for the transaction amounts to be incurred for the purchase of Steam and Heat Power Products under the 2021 Steam Purchase Master Agreement. Accordingly, on 11 November 2022, the Company and TEDA Holding entered into the Supplemental Agreement to amend the 2021 Steam Purchase Master Agreement by revising the Existing Annual Caps to the Proposed Revised Annual Caps.

Other than the revision of the Existing Annual Caps to the Proposed Revised Annual Caps, all other terms and conditions under the 2021 Steam Purchase Master Agreement, including the pricing policy as stated in the announcement of the Company dated 17 November 2021 and the circular of the Company dated 3 December 2021, remain unchanged.

## **THE SUPPLEMENTAL AGREEMENT**

The principal terms of the Supplemental Agreement are as follows:

### **Date**

11 November 2022

### **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**

Pursuant to the Supplemental Agreement, the parties have agreed to revise the Existing Annual Caps under the 2021 Steam Purchase Master Agreement to the Proposed Revised Annual Caps. Save as amended by the Supplemental Agreement, all other terms of the 2021 Steam Purchase Master Agreement remain unchanged.

### **Condition precedent**

The Supplemental Agreement will only become effective upon the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) having been approved by the Independent Shareholders in compliance with the Listing Rules.

## Historical figures and the Proposed Revised Annual Caps

The Existing Annual Caps and the Proposed Revised Annual Caps for the transactions contemplated under the 2021 Steam Purchase Master Agreement for the three years ending 31 December 2024 are as follows:

	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>	<b>For the year ending 31 December 2024</b>
Existing Annual Caps	RMB1,040,000,000 (approximately HK\$1,130,434,783)	RMB1,120,000,000 (approximately HK\$1,217,391,304)	RMB1,130,000,000 (approximately HK\$1,228,260,870)
Proposed Revised Annual Caps	RMB1,350,000,000 (approximately HK\$1,467,391,304)	RMB1,500,000,000 (approximately HK\$1,630,434,783)	RMB1,633,000,000 (approximately HK\$1,775,000,000)

The Proposed Revised Annual Caps have been determined with reference to the following factors:

- (1) the historical transaction amount in relation to Steam and Heat Power Products;
- (2) 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 2021 Steam Purchase Master Agreement; and
- (3) 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 market prices of such products in the nearby regions.

The historical transaction amount under the 2021 Steam Purchase Master Agreement for the nine months ended 30 September 2022 was RMB752,596,600. The transaction amount under the 2021 Steam Purchase Master Agreement will be closely monitored to ensure that they do not exceed the Existing Annual Caps prior to obtaining approval from the Independent Shareholders of the Proposed Revised Annual Caps.

## REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SUPPLEMENTAL 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 Supplemental Agreement and the Proposed Revised Annual Caps 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.

The Company has been monitoring the transaction amounts under the 2021 Steam Purchase Master Agreement. Taking into account the above factors, it is expected that the Existing Annual Caps will not be sufficient to meet the Group's future business needs. Therefore, the Board proposed to revise the Existing Annual Caps to allow flexibility for transactions between the Group and TEDA Holding Group which will benefit the normal operation of the Group. Save for the revision of the Existing Annual Caps, all other terms of the 2021 Steam Purchase Master Agreement remain unchanged.

The Directors (excluding members of the Independent Board Committee who will express their views after considering the advice from the Independent Financial Adviser) consider that the entering into of the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) is in the ordinary and usual course of business of the Group, and 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 Steam Purchase Master Agreement, the Supplemental Agreement and the transactions contemplated thereunder. Notwithstanding the aforementioned, Mr. Wang Gang and Mr. Cui Xiaofei, both being Directors who also hold executive positions in TEDA Holding, have voluntarily abstained from voting on the Board resolution for approving the entering into of the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised 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 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.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, TEDA Holding is the controlling Shareholder indirectly holds a total of 673,759,143 shares of the Company, representing approximately 62.81% of the total issued shares of the Company. Members of the TEDA Holding Group are therefore connected persons of the Company. Accordingly, the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, since the Company proposes to revise the Existing Annual Caps under the 2021 Steam Purchase Master Agreement, the Company is required to re-comply with the relevant requirements of Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Revised Annual Caps exceeds 5%, the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) 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 an ordinary resolution will be proposed for the Independent Shareholders to consider, and if thought fit, to approve the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps). The associates of TEDA Holding will abstain from voting on the resolution to be proposed at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised 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) further details of the Supplemental Agreement and the Proposed Revised Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a 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 2 December 2022.

## DEFINITIONS

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

“2021 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), 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
“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
“continuing connected transaction(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
“EGM”	an extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps)
“Existing Annual Caps”	the existing annual caps for the three respective years ending 31 December 2022, 31 December 2023 and 31 December 2024 under the 2021 Steam Purchase Master Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised 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 Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps)
“Independent Shareholders”	the Shareholders (excluding associates of TEDA Holding) who do not have a material interest in the 2021 Steam Purchase Master Agreement, the Supplemental Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“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)
“Proposed Revised Annual Caps”	the revised annual caps for the transactions contemplated under the 2021 Steam Purchase Master Agreement (as amended by the Supplemental Agreement) for the three respective years ending 31 December 2022, 31 December 2023 and 31 December 2024
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Supplemental Agreement”	the supplemental agreement dated 11 November 2022 entered into between the Company and TEDA Holding in relation to the revision of annual caps under the 2021 Steam Purchase Master Agreement
“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 Municipal People’s Government of the PRC and is an intermediate controlling Shareholder
“TEDA Holding Group”	TEDA Holding and its subsidiaries (other than members of the Group)
“%”	per cent.

*English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*

*In this announcement, RMB has been converted to HK\$ at the rate of RMB0.92 = HK\$1.00 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*

By Order of the Board  
**Tianjin Development Holdings Limited**  
**Wang Gang**  
*Chairman and Executive Director*

Hong Kong, 11 November 2022

*As at the date of this announcement, the Board of the Company consists of Mr. Wang Gang, 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*