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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)

CONNECTED TRANSACTION FORMATION OF LIMITED PARTNERSHIP FUND

On 11 December 2023, Lisheng Pharmaceutical (an indirect non-wholly owned subsidiary of the Company) and Lisheng Investment (a wholly-owned subsidiary of Lisheng Pharmaceutical) entered into the Partnership Agreement with Bozheng Capital, Tianjin Jinjia and Tianjin Handeway in relation to the proposed formation of the Limited Partnership Fund, to principally invest in the sector of healthcare, focusing on small molecule and innovative drugs, biopharmaceuticals, high-end preparations, high-end medical equipment as well as medical services, etc.

Bozheng Capital is a wholly-owned subsidiary of BHSC. As at the date of this announcement, TEDA Holding, the controlling Shareholder, which indirectly holds a total of 673,759,143 shares of the Company, representing approximately 62.81% of the total issued shares of the Company, through certain of its subsidiaries including Tianjin Bohai, holds approximately 46.37% of the equity interest in BHSC. Bozheng Capital is therefore an associate of TEDA Holding and a connected person of the Company. Accordingly, the entering into of the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Group's capital commitment under the Partnership Agreement exceeds 0.1% but is less than 5%, the formation of the Limited Partnership Fund and the Group's capital commitment under the Partnership Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements.

THE PARTNERSHIP AGREEMENT

On 11 December 2023, Lisheng Pharmaceutical (an indirect non-wholly owned subsidiary of the Company) and Lisheng Investment (a wholly-owned subsidiary of Lisheng Pharmaceutical) entered into the Partnership Agreement with Bozheng Capital, Tianjin Jinjia and Tianjin Handeway in relation to the proposed formation of the Limited Partnership Fund.

The principal terms of the Partnership Agreement are summarised as follows:

Date	:	11 December 2023		
Parties	:	(1) Bozheng Capital (as general partner) (2) Lisheng Investment (as general partner)		
		(collectively, the “ General Partners ”, each a “ General Partner ”)		
		(3) Lisheng Pharmaceutical (as limited partner) (4) Tianjin Jinjia (as limited partner) (5) Tianjin Handeway (as limited partner)		
		(collectively, the “ Limited Partners ”, each a “ Limited Partner ”)		
		(General Partners and Limited Partners, collectively, the “ Partners ”, each a “ Partner ”)		
Name of the Limited Partnership Fund	:	Tianjin Bozheng Lisheng Health Equity Investment Fund (Limited Partnership) (天津博正力生大健康私募股權投資基金(有限合夥))		
Operation scope	:	Venture capital and equity investment		
Investment scope	:	The Limited Partnership Fund shall principally invest in the sector of healthcare, focusing on small molecule and innovative drugs, biopharmaceuticals, high-end preparations, high-end medical equipment as well as medical services, etc.		
Term	:	The term of the Limited Partnership Fund shall be five years, in which the first three years are investment period and the final two years are exit period. The term of the Limited Partnership Fund can be extended by two years by unanimous consent of all General Partners, and can be further extended by unanimous consent of all General Partners and the passing of a resolution at a Partners’ meeting.		
Initial capital commitment	:		Initial capital commitment	Capital proportion
		Bozheng Capital	RMB25,500,000	42.50%
		Lisheng Investment	RMB1,000,000	1.67%
		Lisheng Pharmaceutical	RMB24,000,000	40.00%
		Tianjin Jinjia	RMB6,000,000	10.00%
		Tianjin Handeway	RMB3,500,000	5.83%
		Total	<u>RMB60,000,000</u>	<u>100.00%</u>

The amount of initial capital contribution was determined after arm’s length negotiation between the parties with reference to the anticipated capital requirements of the Limited Partnership Fund and its investment term.

Payment of capital contribution : The manager will from time to time issue capital contribution notices to the Partners. Each Partner shall settle the specified amount to the specified account by the specified date as stated on the capital contribution notice.

The Group intends to finance its capital contribution to the Limited Partnership Fund by using the internal resources of the Group.

Management and operation : *Executive partners*

Bozheng Capital and Lisheng Investment shall act as the executive partners of the Limited Partnership Fund.

Bozheng Capital shall have exclusive authority over the operation of the Limited Partnership Fund, the management and control of the Limited Partnership Fund's investment business and other matters, and for the achievement of the Limited Partnership Fund's purposes and the performance of the Partnership Agreement, have full power and authority to enter into contracts and enter into other agreements and undertakings for and on behalf of the Limited Partnership Fund, to manage and dispose of the property of the Limited Partnership Fund, and to perform all other actions necessary. Lisheng Investment shall assist Bozheng Capital in executing plans and contribute industrial advantages in according with Bozheng Capital's directions.

Manager

Bozheng Capital shall act as the manager of the Limited Partnership Fund and shall provide services for the daily operation and management of the Limited Partnership Fund.

Investment Committee : An investment committee (the "**Investment Committee**") shall be established by the manager to consider and approve, among other things, investment decisions and exit plans, with the approval of at least four out of five members of the Investment Committee. The members of the Investment Committee will be appointed by the manager.

Fees and remuneration : As manager, Bozheng Capital shall be entitled to an annual management fee equivalent to 1.4% of the total paid-up capital of the Limited Partnership Fund during the investment period, and an annual management fee equivalent to 0.7% of the unwithdrawn capital of the Limited Partnership Fund during the exit period. For the avoidance of doubt, Bozheng Capital is not entitled to any remuneration as executive partner.

As executive partner, Lisheng Investment shall be entitled to an annual remuneration equivalent to 0.6% of the total paid-up capital of the Limited Partnership Fund during the investment period, and an annual remuneration equivalent to 0.3% of the unwithdrawn capital of the Limited Partnership Fund during the exit period.

The Investment Committee will not receive any remuneration from the Limited Partnership Fund.

- Profit distribution : Distributable income shall be distributed in the following order:
- (1) distribution shall first be made to each of the Partners in proportion to its respective paid-up capital contribution at the time of the distribution until all Partners have recovered their respective paid-up capital contribution;
 - (2) distribution shall then be made to each of the Partners until the cumulative amount received by each of the Partners reaches an amount equivalent to a simple interest of 8% per annum on its respective paid-up capital contribution;
 - (3) out of the remaining distributable income (the “**Remaining Distributable Income**”)(if any), 80% shall be distributed among all the Partners in proportion to their respective paid-up capital contribution, 14% shall be distributed to Bozheng Capital in its capacity of the manager as performance-based remuneration, and 6% shall be distributed to Lisheng Investment as excess income.
- Loss sharing : Any loss incurred by the Limited Partnership shall be borne by each Partners in proportion to their respective committed capital contribution.
- Transfer of interest : Transfer of interests in the Limited Partnership Fund by any Limited Partner is subject to prior written consent by the manager, transfer of interests in the Limited Partnership Fund by Bozheng Capital is subject to prior notice to and prior consent by all Partners, whereas transfer of interests in the Limited Partnership Fund by Lisheng Investment is subject to unanimous consent by all other Partners.
- Trustee : The Limited Partnership Fund will engage a third-party trust institution which shall hold, maintain and monitor the accounts of the Limited Partnership Fund in trust for the Limited Partnership Fund.

The Limited Partnership Fund is a limited partnership to be established under the laws of the PRC pursuant to the Partnership Agreement. No financial information or past performance of the Limited Partnership Fund is available for disclosure as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE LIMITED PARTNERSHIP FUND

The Group's pharmaceutical business involves the manufacture and sales of chemical drugs, and research and development of new medicine technology and new products. The purpose of the limited partnership fund is to seek investment in the sector with a focus on small molecule and innovative drugs, biopharmaceuticals, high-end preparations, high-end medical equipment as well as medical services. Through the participation and investment in the Limited Partnership Fund, it will enhance the Group's understanding of the latest developments in the relevant industry and help the Group to explore its potential strategic partners. Having considered the investment objective and strategy of the Limited Partnership Fund and the experience of the General Partner and investment manager, the Company considers that the participation of the Group in the limited partnership can effectively utilise its existing financial resources and improve the efficiency of capital utilisation as well as enhance the capital gain. The capital contribution to be made by the Group will not have any adverse impact on the financial condition and operating results of the Group.

The terms of the Partnership Agreement (including the fee and remuneration of the manager and executive partner and distribution of the Remaining Distributable Income) were determined after arm's length negotiation between the parties thereto and on normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that terms of the Partnership Agreement and the transactions contemplated thereunder are fair and reasonable, and the entering into of the Partnership Agreement and the transactions contemplated thereunder is, albeit not in the ordinary and usual course of business of the Group, conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Partnership Agreement. For good corporate governance practices, Mr. Wang Gang, being a Director who is also the chairman of Tianjin Bohai and holds executive positions in TEDA Holding, and Mr. Teng Fei, being a Director who is also the general manager of Tianjin Bohai and a director of Lisheng Pharmaceutical, as well as Mr. Sun Lijun, being a Director who is also a supervisor of Tianjin Bohai and Lisheng Pharmaceutical, have voluntarily abstained from voting on the Board resolution(s) approving the entering into of the Partnership Agreement.

LISTING RULES IMPLICATIONS

Bozheng Capital is a wholly-owned subsidiary of BHSC. As at the date of this announcement, TEDA Holding, the controlling Shareholder, which indirectly holds a total of 673,759,143 shares of the Company, representing approximately 62.81% of the total issued shares of the Company, through certain of its subsidiaries including Tianjin Bohai, holds approximately 46.37% of the equity interest in BHSC. Bozheng Capital is therefore an associate of TEDA Holding and a connected person of the Company. Accordingly, the entering into of the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Group's initial capital commitment under the Partnership Agreement exceeds 0.1% but is less than 5%, the formation of the Limited Partnership Fund and the Group's initial capital commitment under the Partnership Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements.

As the highest applicable percentage ratio in respect of the maximum amount of the annual executive partner remuneration receivable by Lisheng Investment under the Partnership Agreement is less than 0.1%, the provision of executive partnership services by Lisheng Investment under the Partnership Agreement constitutes a de minimis transaction and will be fully exempt from the annual reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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, 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.

Lisheng Pharmaceutical and its subsidiaries are principally engaged in the manufacturing and sale of chemical drugs in the PRC. As at the date of this announcement, the Company has an effective interest of approximately 34.07% of the issued share capital of Lisheng Pharmaceutical.

Bozheng Capital is principally engaged in investment management and investment consultancy.

Tianjin Jinjia is principally engaged in investment and operation of market-oriented industries and state-owned capital and is a wholly-owned subsidiary of Tianjin Jiarui Investment Holding Co., Ltd. (天津市嘉瑞投資控股有限公司), which is in turn wholly-owned by the Hedong District State-owned Assets Supervision and Administration Commission (天津市河東區人民政府國有資產監督管理委員會).

Tianjin Handeway is principally engaged in manufacturing Active Pharmaceutical Ingredients and pharmaceutical intermediates, and is owned by Mr. Wang Lifeng as to 61.8386% and by Mr. Wang Zhongyu as to 38.1614%.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Tianjin Jinjia and Tianjin Handeway and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“BHSC” Bohai Securities Co., Ltd. (渤海證券股份有限公司), a company established under the laws of the PRC with limited liability and is owned as to approximately 46.37% by certain subsidiaries of TEDA Holding including Tianjin Bohai

“Board”	the board of Directors
“Bozheng Capital”	Bozheng Capital Investment Co., Ltd. (博正資本投資有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of BHSC
“Company”	Tianjin Development Holdings Limited (天津發展控股有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 882)
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lisheng Investment”	Tianjin Lisheng Investment Management Co., Ltd. (天津力生投資管理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Lisheng Pharmaceutical
“Limited Partnership Fund”	the limited partnership corporation to be established under the laws of the PRC with a tentative name of Tianjin Bozheng Lisheng Health Equity Investment Fund (Limited Partnership) (天津博正力生大健康股權投資基金(有限合夥))
“Lisheng Pharmaceutical”	Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司), a joint stock limited company established under the laws of the PRC and is listed on the A Shares Market of the Shenzhen Stock Exchange (Stock Code: 002393), and an indirect non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership Agreement”	the partnership agreement dated 11 December 2023 entered into among Lisheng Pharmaceutical, Lisheng Investment, Bozheng Capital, Tianjin Jinjia and Tianjin Handeway in relation to the formation of the Limited Partnership Fund
“PRC”	the People’s Republic of China (for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Shareholder(s)”	holder(s) of share(s) in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“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 non-wholly owned by TEDA Holding and is an intermediate controlling Shareholder
“Tianjin Handeway”	Tianjin Handeway Pharmaceutical Co., Ltd. (天津市漢德威藥業有限公司), a company established under the laws of the PRC with limited liability
“Tianjin Jinjia”	Tianjin Jinjia Industrial Investment and Operation Co., Ltd. (天津市津嘉產業投資運營有限公司), a state-owned enterprise established in the PRC indirectly wholly-owned by the Hedong District State-owned Assets Supervision and Administration Commission (天津市河東區人民政府國有資產監督管理委員會)
“%”	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
Wang Gang
Chairman and Executive Director

Hong Kong, 11 December 2023

As at the date of this announcement, the Board of the Company consists of Mr. Wang Gang, Dr. Zhai Xinxiang, Mr. Teng Fei, 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*