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天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 8348)

(1) CONTINUING CONNECTED TRANSACTION – TEDAHANG BUSINESS COOPERATION FRAMEWORK AGREEMENT
AND
(2) CONTINUING CONNECTED TRANSACTION – TEDA USA BUSINESS COOPERATION FRAMEWORK AGREEMENT

THE TEDAHANG BUSINESS COOPERATION FRAMEWORK AGREEMENT

On 27 December 2019, the Company and Tedahang entered into the Tedahang Business Cooperation Framework Agreement pursuant to which Tedahang would sell various frozen meat and provide related storage, logistics and logistics supporting services to the Company for a term of three years from 1 January 2020 to 31 December 2022.

THE TEDA USA BUSINESS COOPERATION FRAMEWORK AGREEMENT

On 27 December 2019, the Company and Teda USA entered into the Teda USA Business Cooperation Framework Agreement pursuant to which the Company would sell material pipes and provide related logistics and logistics supporting services to Teda USA for a term of three years from 1 January 2020 to 31 December 2022.

GEM LISTING RULES IMPLICATIONS

Tedahang is a non-wholly owned subsidiary of the Company, and its registered capital is owned as to 60% by the Company and 40% by Chia Tai Logistics. Since Chia Tai Logistics is a wholly-owned subsidiary of Sino Biopharm, which is a substantial shareholder of the Company indirectly holding approximately 21.82% of the total issued share capital of the Company, Tedahang is a connected subsidiary of the Company and hence a connected person of the Company. Therefore, Tedahang Continuing Connected Transaction constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

* *For identification purposes only*

Teda USA is a wholly-owned subsidiary of Teda Holding, the controlling shareholder of the Company, and hence is a connected person of the Company. Therefore, Teda USA Continuing Connected Transaction constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios in respect of the proposed annual caps of each of the Transactions are more than 5%, the Transactions (including the respective proposed annual caps) are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

A circular containing, among other things, (i) further details of the Transactions; (ii) a letter of recommendation 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 to convene an extraordinary general meeting will be despatched to the Shareholders on or before 20 January 2020.

BACKGROUND

On 27 December 2019, (i) the Company and Tedahang entered into the Tedahang Business Cooperation Framework Agreement pursuant to which Tedahang would sell various frozen meat and provide related storage, logistics and logistics supporting services to the Company; and (ii) the Company and Teda USA entered into the Teda USA Business Cooperation Framework Agreement pursuant to which the Company would sell material pipes and provide related logistics and logistics supporting services to Teda USA, both for a term of three years from 1 January 2020 to 31 December 2022.

THE TEDAHANG BUSINESS COOPERATION FRAMEWORK AGREEMENT

The principal terms of the Tedahang Business Cooperation Framework Agreement are summarized below:

| | | |
|---------|---|---|
| Date | : | 27 December 2019 |
| Parties | : | (1) The Company; and (2) Tedahang |
| Term | : | Three years from 1 January 2020 to 31 December 2022 |

Subject matter : Sale of frozen meat (including but not limited to frozen pork, beef, lamb, poultry and seafood) and provision of related storage, logistics and logistics supporting services by Tedahang to the Company.

The Company and Tedahang will enter into agreements in respect of the individual transactions contemplated under the Tedahang Business Cooperation Framework Agreement in accordance with the principal terms under the Tedahang Business Cooperation Framework Agreement.

Condition precedent : The Tedahang Business Cooperation Framework Agreement is conditional upon the following:

1. obtaining the necessary approval by the Company and Tedahang from their respective board of directors, general meeting and/or independent shareholders in accordance with their respective memorandum and articles of association and the relevant requirements under the GEM Listing Rules; and
2. obtaining the necessary approval from the Stock Exchange by the Company.

Consideration : Under normal circumstances, the Company shall pay 20% to 50% of the consideration stipulated in each agreement signed under the Tedahang Business Cooperation Framework Agreement as deposit; and the balance before Tedahang loads the products onto its cold storage trucks for delivery to the Company.

The consideration will be settled by wire transfer, bank transfer or in cash.

Basis of consideration : The fees payable by the Company will be determined based on arm's length negotiations between the Company and Tedahang, with reference to Tedahang's procurement cost of the food products plus related logistics fees, which include cost, insurance and freight (CIF), tariff, value added tax (VAT), customs clearance fees and other services charges. Such related logistics fees are determined with reference to the list of logistics service fees issued by Tedahang, which is made reference to the relevant customs clearance fees, storage, logistics and logistics supporting fees for the same type of food products provided by Tedehang to independent third parties in the same or nearby region in the ordinary course of business and on normal commercial terms.

The individual agreements to be entered into between the Company and Tedahang shall be on normal commercial terms and shall be on terms no less favourable to the Group than (i) those available to the Group for the same type of food products and related services from independent third parties, or (ii) the price and payment terms for the same type of food products and related services offered by Tedahang to independent third parties.

Proposed annual caps : The proposed annual caps of the Tedahang Continuing Connected Transaction for three years from 1 January 2020 to 31 December 2022 are set out below:

| For the year ending 31 December | | |
|--|----------------|----------------|
| 2020 | 2021 | 2022 |
| <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 160,000 | 176,000 | 176,000 |

Basis of the proposed annual caps : The proposed annual caps of the Tedahang Continuing Connected Transaction were determined after taking into account the following:

- (1) Historical frozen meat purchase volume of the Company purchased from Tedahang for resale to customers of the Company.

The Company was unable to obtain sufficient credit facilities from banks for purchasing frozen meat from Tedahang, thus the Company was unable to satisfy all

demands for frozen meat from its customers, hence the frozen meat purchase volume of the Company from Tedahang from 2017 to 2019 was relatively low as compared with the 2017-2019 Annual Caps.

Since the Company had re-allocated funds for and the banks had granted credit facilities to the Company for purchasing frozen meat in the second half of 2019, it is expected that the Company will be able to purchase a higher volume of frozen meat from Tedahang to satisfy higher demands for frozen meat from its customers; and

- (2) Forecast of future frozen meat purchase volume of the Company based on the purchase orders from and estimated demand of the customers of the Company.

Historical transaction amounts : The fees paid by the Company in respect of the trade of frozen meat and its related logistics services since 1 January 2017 are as follows:

| Approximate historical transaction amounts | | |
|---|---|---|
| For the period from 1 January 2017 to 31 December 2017 RMB'000 | For the period from 1 January 2018 to 31 December 2018 RMB'000 | For the period from 1 January 2019 to 30 November 2019 RMB'000 |
| 22,140 | 30,720 | 0 |

No transaction amount for the period from 1 January 2019 to 30 November 2019 was recorded for the following reasons:

- (i) The Company was unable to obtain sufficient credit facilities from banks for purchasing frozen meat from Tedahang, hence the Company had ceased purchases of frozen meat from Tedahang according to the purchase orders placed by customers of the Company in the first half of 2019; and

- (ii) Since the Company had re-allocated funds for and the banks had granted credit facilities to the Company for purchasing frozen meat in the second half of 2019, the Company had resumed negotiations of purchase orders that should be completed in 2019 with its customers since June 2019. Since the Company commences carrying out the purchase orders in November 2019 and such purchase orders are still in progress, no transaction amount would be recorded until the purchase orders have been completed.

THE TEDA USA BUSINESS COOPERATION FRAMEWORK AGREEMENT

The principal terms of the Teda USA Business Cooperation Framework Agreement are summarized below:

| | | |
|----------------|---|---|
| Date | : | 27 December 2019 |
| Parties | : | (1) The Company; and (2) Teda USA |
| Term | : | Three years from 1 January 2020 to 31 December 2022 |
| Subject matter | : | Sale of material pipes (which are mainly for the production of seamless steel pipes for oilfield use) by the Company to Teda USA and provision of related logistics and logistics supporting services by the Company to Teda USA. |

The Company and Teda USA will enter into agreements in respect of the individual transactions contemplated under the Teda USA Business Cooperation Framework Agreement in accordance with the principal terms under the Teda USA Business Cooperation Framework Agreement.

| | | |
|---------------------|---|---|
| Condition precedent | : | The Teda USA Business Cooperation Framework Agreement is conditional upon the following: 1. obtaining the necessary approval by the Company and Teda USA from their respective board of directors, general meeting and/or independent shareholders in accordance with their respective memorandum and articles of association and the relevant requirements under the GEM Listing Rules; and |
|---------------------|---|---|

2. obtaining the necessary approval from the Stock Exchange by the Company.

Consideration : Under normal circumstances, Teda USA shall pay the Company (i) not less than 30% of the consideration stipulated in each agreement signed under the Teda USA Business Cooperation Framework Agreement as a non-refundable deposit after the agreement(s) are signed and in accordance with the procurement cycle of the products; and (ii) the balance after the goods have passed the inspection upon arrival and in accordance with each agreement signed under the Teda USA Business Cooperation Framework Agreement.

The consideration will be settled by wire transfer or letter of credit.

Basis of consideration : The fees receivable by the Company will be determined based on arm's length negotiations between the Company and Teda USA, with reference to the cost of the Company plus 2% to 3% gross profit margin, which is the average level in respect of the materials procurement business of the Group.

The individual agreements to be entered into by the Company and Teda USA shall be on normal commercial terms and shall be on terms no less favourable to the Group than the price and payment terms for the same type of products and services offered by the Group to independent third parties.

Proposed annual caps : The proposed annual caps of the Teda USA Continuing Connected Transaction for three years from 1 January 2020 to 31 December 2022 are set out below:

| For the year ending 31 December | | |
|---|---|---|
| 2020 | 2021 | 2022 |
| <i>USD'000</i> | <i>USD'000</i> | <i>USD'000</i> |
| 18,000 | 21,000 | 22,000 |
| (Equivalent to approximately RMB126 million) <i>(Note)</i> | (Equivalent to approximately RMB147 million) <i>(Note)</i> | (Equivalent to approximately RMB154 million) <i>(Note)</i> |

Note: The exchange rate adopted is USD1 = RMB7. Such conversions are for reference only and should not be construed as representations that the USD amount could be converted into RMB at that or any other rates.

Basis of the proposed annual caps : The proposed annual caps of the Teda USA Continuing Connected Transaction were determined after taking into account the following:

- (1) Estimated number of tonnes of material pipes required by Teda USA from the Company on an annual basis, based on the historical sales volume of seamless steel pipes made by Teda USA in 2018 and 2019 and the estimated demand for material pipes of Teda USA in 2020; and
- (2) Historical average unit price of material pipes purchased by Teda USA.

Historical transaction amount : No transaction was conducted between the Company and Teda USA in respect of the sale of material pipes and provision of related logistics and logistics supporting services by the Company in the past. Therefore, there is no historical transaction amount.

INTERNAL CONTROL

The Company has implemented the following general internal control measures to ensure that the transactions under the Framework Agreements will be conducted in accordance with the terms of the Framework Agreements, on normal commercial terms and on terms no less favourable to the Group than (i) terms available to the Group from independent third parties in respect of the Tedahang Continuing Connected Transactions; or (ii) terms available to independent third parties in respect of the Teda USA Continuing Connected Transaction:

Tedahang Continuing Connected Transaction

1. The terms of each procurement agreement under the Tedahang Business Cooperation Framework Agreement are subject to review and approval by an approval team formed by various departments of the Company, including the finance department, risk department and general department of the Company;

2. The finance department of the Company will request Tedahang for a list of sales conducted by Tedahang on a monthly basis, which includes the types of products sold, the price and terms offered by Tedahang to the Group and independent customers of Tedahang, so as to ensure that the terms offered by Tedahang to the Group are no less favourable than those offered by it to independent third parties; and
3. The operations department of the Company regularly gathers market price information, reviews the products to be purchased, monitors the sales of the products and makes comparisons with the average gross profit margin benchmark in the industry.

Teda USA Continuing Connected Transaction

1. The terms of each sales agreement under the Teda USA Business Cooperation Framework Agreement are subject to review and approval by an approval team formed by various departments of the Company, including the finance department, risk department and general department of the Company; and
2. The operations department of the Company regularly compares the price and terms offered by the Group to Teda USA with those offered by the Group to independent third parties (if any), with reference to the procurement costs and average gross profit margin of the Group, so as to ensure that the terms offered by the Group to Teda USA are no more favourable than those available to independent third parties.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Tedahang Continuing Connected Transaction and Teda USA Continuing Connected Transaction are part of the materials procurement and related logistics services business of the Group, which is one of the principal businesses of the Group, in response to the demands of the customers of the Group and Teda USA respectively.

Tedahang has an imported meat consignee qualification with a customs inspection centre and a cold storage that can serve as a one-stop service platform, and is one of the few enterprises in Tianjin that possess the above strengths. It has good cooperation relationship with overseas factories and competitive advantage in terms of the facilities, information and channels for frozen food trading. Since Tedahang is a subsidiary of the Company, the Group can monitor and obtain the relevant market information more easily and hence Tedahang Continuing Connected Transaction can help the Group further open up its food cold chain market.

The Company will carry out materials procurement worldwide in accordance with the requirements of Teda USA. Such procurement is favourable to the expansion of overseas business of the Group and the enrichment of foreign trading experience of the Group. Since Teda USA is a wholly-owned subsidiary of Teda Holding, the Company will have the opportunity to access the operation and

financial information of Teda USA, adding an advantage to the risk management of the Group. In terms of risk and revenue, the Company considers that Teda USA Continuing Connected Transaction is in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the members of the Independent Board Committee who will form their opinion after considering the advice from the independent financial adviser in respect of the Transactions) consider that the terms of both the Tedahang Business Cooperation Framework Agreement and Teda USA Business Cooperation Framework Agreement are fair and reasonable, and that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

Tedahang is a non-wholly owned subsidiary of the Company, and its registered capital is owned as to 60% by the Company and 40% by Chia Tai Logistics. Since Chia Tai Logistics is a wholly-owned subsidiary of Sino Biopharm, which is a substantial shareholder of the Company indirectly holding approximately 21.82% of the total issued share capital of the Company, Tedahang is a connected subsidiary of the Company and hence a connected person of the Company. Therefore, Tedahang Continuing Connected Transaction constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Teda USA is a wholly-owned subsidiary of Teda Holding, the controlling shareholder of the Company, and hence is a connected person of the Company. Therefore, Teda USA Continuing Connected Transaction constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios in respect of the proposed annual caps of each of the Transactions are more than 5%, the Transactions (including the respective proposed annual caps) are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting of the Company will be convened at which ordinary resolutions will be proposed to consider, and if thought fit, to approve (i) the Tedahang Business Cooperation Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps); and (ii) the Teda USA Business Cooperation Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).

An Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders as to whether the terms of each of the Framework Agreements and each of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendation to the Independent Shareholders on

how to vote, taking into account the advice of the independent financial adviser. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in these regards.

A circular containing, among other things, (i) further details of the Transactions; (ii) a letter of recommendation 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 to convene an extraordinary general meeting will be despatched to the Shareholders on or before 20 January 2020.

INFORMATION ON THE PARTIES

Information on the Group

The principal businesses of the Group are logistics and supply chain services for finished automobiles and components, logistics and supply chain services for electronic components, materials procurement and related logistics services, cold chain logistics services and other services such as bonded warehouse, container yard, supervision, agency and transportation services.

Information on Tedahang, Chia Tai Logistics and Sino Biopharm

Tedahang is a company established in the PRC and has a registered capital of RMB200,000,000, its registered capital is owned as to 60% by the Company and 40% by Chia Tai Logistics. Tedahang's scope of business is as follows:

Cold storage and general warehousing services (except hazardous chemicals); customs inspections; domestic freight forwarding; international freight forwarding (sea, land and air); venue rental service; freight station (field) and container yard business, and logistics management services. (The services mentioned above that are regulated under the administrative permit system shall only be operated after obtaining relevant permits and within the period of permits, while those regulated by the state under special franchise systems shall be operated in compliance with applicable regulations.)

Chia Tai Logistics is an investment holding company incorporated in Hong Kong with limited liability. Chia Tai Logistics is a wholly-owned subsidiary of Sino Biopharm.

Sino Biopharm is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1177). Sino Biopharm is principally engaged in the research and development, production and sale of a series of modernised Chinese medicines and chemical medicines.

Information on Teda USA and Teda Holding

Teda USA is a company incorporated in Texas and is one of the largest single investment by a Chinese company in a US manufacturing facility. Teda USA is principally engaged in the production of seamless steel pipes (which are mainly for oilfield use). Teda USA is a wholly-owned subsidiary of Teda Holding.

Teda Holding is a state-owned enterprise established in the PRC. The principal business areas of Teda Holding are regional development, public utilities, finance and modern services.

DEFINITIONS

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

| | |
|---------------------------|---|
| “2017-2019 Annual Caps” | the annual caps for the transaction under the framework agreement on business cooperation entered into between the Company and Tedahang dated 12 May 2017 in relation to the trading of frozen meat and the provision of storage, logistics and logistics supporting services by Tedahang |
| “Board” | the board of Directors |
| “Chia Tai Logistics” | Chia Tai Logistics Limited (正大物流有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sino Biopharm |
| “Company” | Tianjin Binhai Teda Logistics (Group) Corporation Limited* (天津濱海泰達物流集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability |
| “connected person” | has the meaning ascribed to it under the GEM Listing Rules |
| “connected subsidiary” | has the meaning ascribed to it under the GEM Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the GEM Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Domestic Share(s)” | the ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company which are subscribed for or credited as fully paid in RMB |

| | |
|-------------------------------|---|
| “Framework Agreements” | Tedahang Business Cooperation Framework Agreement and Teda USA Business Cooperation Framework Agreement |
| “GEM” | the GEM of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM |
| “Group” | the Company together with its subsidiaries |
| “H share(s)” | the overseas-listed foreign share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the GEM |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the board committee of the Company comprising all independent non-executive Directors, namely Mr. Cheng Xinsheng, Mr. Japhet Sebastian Law, Mr. Peng Zuowen and Mr. Zhou Zisheng, to be established to make recommendation to the Independent Shareholders in respect of the terms of the Framework Agreements and the Transactions (including the respective proposed annual caps) |
| “Independent Shareholders” | the Shareholders who are not prohibited under the GEM Listing Rules from voting on a resolution to approve the relevant transaction at a general meeting of the Company |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, does not include, Hong Kong, the Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | holder(s) of the Shares |
| “Shares” | the Domestic Shares and the H shares |
| “Sino Biopharm” | Sino Biopharmaceutical Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1177) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning ascribed to it under the GEM Listing Rules |

| | |
|---|---|
| “Teda Holding” | Tianjin TEDA Investment Holding Co., Ltd.* (天津泰達投資控股有限公司), a state-owned enterprise established in the PRC, the controlling shareholder of the Company holding approximately 42.45% of the total issued share capital of the Company |
| “Teda USA” | TEDA TPCO America Corporation, a company incorporated in Texas, USA and a wholly-owned subsidiary of Teda Holding |
| “Teda USA Business Cooperation Framework Agreement” | the framework agreement on business cooperation dated 27 December 2019 entered into between the Company and Teda USA in relation to the sale of material pipes and the provision of logistics and logistics supporting services by the Company |
| “Teda USA Continuing Connected Transaction” | the transaction contemplated under the Teda USA Business Cooperation Framework Agreement |
| “Tedahang” | Tedahang Cold Chain Logistics Co., Ltd.* (泰達行(天津)冷鏈物流有限公司), a company established in the PRC with limited liability and owned as to 60% by the Company and 40% by Chia Tai Logistics |
| “Tedahang Business Cooperation Framework Agreement” | the framework agreement on business cooperation dated 27 December 2019 entered into between the Company and Tedahang in relation to the sale of frozen meat and the provision of storage, logistics and logistics supporting services by Tedahang |
| “Tedahang Continuing Connected Transaction” | the transaction contemplated under the Tedahang Business Cooperation Framework Agreement |
| “Transactions” | Tedahang Continuing Connected Transaction and Teda USA Continuing Connected Transaction |
| “USA” | the United States of America |
| “USD” | United States dollars, the lawful currency of the USA |

“%”

per cent

By order of the Board
Tianjin Binhai Teda Logistics (Group) Corporation Limited*
Yang Weihong
Chairman

Tianjin, the PRC
27 December 2019

As at the date of this announcement, the executive Director is Mr. Yang Weihong; the non-executive Directors are Mr. Li Jian, Ms. Peng Bo, Mr. Yang Xiaoping and Mr. Zheng Yuying; and the independent non-executive Directors are Mr. Cheng Xinsheng, Mr. Japhet Sebastian Law, Mr. Peng Zuowen and Mr. Zhou Zisheng.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this announcement or any statement herein misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for 7 days from the date of its posting. This announcement will also be posted on the Company’s website at www.tbtl.cn.

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