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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03382)

CONNECTED TRANSACTION IN RELATION TO THE LAND LEASE AMENDMENT AGREEMENT

THE LAND LEASE AMENDMENT AGREEMENT

Reference is made to the 2009 Circular, in which it was disclosed, among other things, that there are various long-term land lease agreements from Tianjin Port Group and/or its associates to the Group entered into on various dates between April 2004 to July 2008 in relation to the long-term leases of various pieces of land.

The Original Land Lease Agreement forms part of the aforesaid long-term lease agreements, pursuant to which Tianjin Port Materials, a subsidiary of the Company, leases from Tianjin Port Group the Original Lands under Lease for a period of 19 years from 1 April 2009 to 31 March 2028.

On 27 October 2022, Tianjin Port Group and Tianjin Port Materials entered into the Land Lease Amendment Agreement to amend the terms of the Original Land Lease Agreement, pursuant to which (among other things) the scope of lands under lease is reduced by excluding the Excluded Land, and the rent payable by Tianjin Port Materials is reduced from RMB4,064,704.12 per annum to RMB3,762,071.8 per annum.

LISTING RULES IMPLICATIONS

Tianjin Port Group is the controlling shareholder of the Company, holding of approximately 53.5% of the equity interest in the Company and is therefore a connected person of the Company. Tianjin Port Materials is a subsidiary of the Company.

As disclosed in the 2009 Circular, the Original Land Lease Agreement has become a continuing connected transaction of the Company following the Completion (as defined in the 2009 Circular). As the entering into of the Land Lease Amendment Agreement constitutes a variation of the terms of the Original Land Lease Agreement, the Company shall comply with all applicable connected transaction requirements in accordance with Rule 14A.60 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Land Lease Amendment Agreement (based on the carrying amount of the right-of-use assets in relation to the New Lands under Lease) are more than 0.1% but all of the applicable percentage ratio are less than 5%, the entering into of the Land Lease Amendment Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements, but is exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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On 27 October 2022, Tianjin Port Group and Tianjin Port Materials entered into the Land Lease Amendment Agreement to amend the terms of the Original Land Lease Agreement, on the principal terms as set out below.

PRINCIPAL TERMS OF THE LAND LEASE AMENDMENT AGREEMENT

Date : 27 October 2022

Parties : (a) Tianjin Port Group (as the lessor)
(b) Tianjin Port Materials (as the lessee)

Scope of lands under lease : Pursuant to the Original Land Lease Agreement, original the scope of lands under lease is the Original Lands under Lease, with a total area of 155,842.8 square meters.

Under the Land Lease Amendment Agreement, the scope of lands leased is reduced by excluding the Excluded Land, and the new scope of lands under lease is the New Lands under Lease, with a total area of 144,238.8 square meters.

Term of lease : The term of lease remains unchanged, being a period from 1 April 2009 to 31 March 2028.

Rent : Pursuant to the Original Land Lease Agreement, the rent payable by Tianjin Port Materials was RMB4,064,704.12 per annum, which was determined with reference to (1) the transfer value of the land as appraised by an independent qualified property valuer in the PRC and approved by the relevant PRC government departments; (2) the yield for one-year PRC government bonds; (3) relevant PRC tax; and (4) the number of years of usage.

Under the Land Lease Amendment Agreement, the rent payable by Tianjin Port Materials is reduced to be RMB3,762,071.8 per annum, which is based on the rent payable under the Original Land Lease Agreement, and adjusted proportionally in accordance with the reduction in area of lands under lease.

It is expected that the rent would be funded by internal resources of the Group.

Effectiveness : The Land Lease Amendment Agreement shall take effect from 27 October 2022.

All other terms of the Original Land Lease Agreement remain unchanged.

Pursuant to HKFRS 16, the adjusted carrying amount of the right-of-use assets in relation to the New Lands under Lease amounted to approximately RMB17,000,000.

REASONS FOR AND BENEFITS OF THE LAND LEASE AMENDMENT AGREEMENT

Historically, the Tianjin Port Authority, the business of which was subsequently reorganised into Tianjin Port Group, owned the land and operated the port business in the port of Tianjin. As such, Tianjin Port Group is the only owner and provider of land in the port of Tianjin. In addition, usage of land for port operations is of a long-term nature and can only be changed with significant investment. Therefore, the lease of land must be of a long duration in order to justify the investment made by the Group. The term under the Original Land Lease Agreement is similar to those in other comparable ports in the PRC.

Since it is proposed that the municipal government of the Tianjin Binhai New Area will resume the Excluded Land, Tianjin Port Group cannot continue to lease the Excluded Land to Tianjin Port Materials. Therefore, the entering into the Land Lease Amendment Agreement is necessary.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Land Lease Amendment Agreement is conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Land Lease Amendment Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Land Lease Amendment Agreement (based on the carrying amount of the right-of-use assets in relation to the New Lands under Lease) are more than 0.1% but all of the applicable percentage ratios are less than 5%, the entering into of the Land Lease Amendment Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements, but is exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors had a material interest in the Land Lease Amendment Agreement. In view of good corporate governance practices, Chu Bin, Luo Xunjie and Sun Bin, the Directors who are also directors and/or senior management of Tianjin Port Group, abstain from voting in the relevant Board resolutions in relation to transactions with Tianjin Port Group and/or its associates.

GENERAL

The Group is principally engaged in containerised and non-containerised cargo handling services, sales and other port ancillary services at the port of Tianjin in the PRC, primarily through its subsidiaries and associated companies.

Tianjin Port Group is the controlling Shareholder. Its principal business includes port handling and stevedoring services, warehousing, logistics, and port area land development at the port of Tianjin in the PRC through its group companies.

Tianjin Port Materials is principally engaged in sales of supplies and materials.

DEFINITIONS

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

“2009 Circular”	the circular of the Company dated 19 June 2009;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;

“Company”	Tianjin Port Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 03382);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Excluded Land”	the piece of land whose land use right is identified under the Certificate of State-owned Land Use Permit* (國有土地使用權證) numbered Tangdan Guoyong* (塘單國用) (2008) No. 251 (riverside supply station plot), which form part of the Original Lands under Lease;
“Group”	the Company and its subsidiaries;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land Lease Amendment Agreement”	the land lease amendment agreement dated 27 October 2022 entered into between Tianjin Port Group (as the lessor) and Tianjin Port Materials (as the lessee) in relation to the amendments of the Original Land Lease Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Lands under Lease”	the remaining of the Original Lands under Lease after excluding the Excluded Land;
“Original Land Lease Agreement”	the land lease agreement dated 1 April 2009 entered into between Tianjin Port Group (as lessor) and Tianjin Port Materials (as lessee) in relation to the rights of use of the Original Lands under Lease;

“Original Lands under Lease”	the pieces of land with a total area of 155,842.8 square meters, whose land use rights have been identified under the relevant Certificates of State-owned Land Use Permit* (國有土地使用權證) numbered Tangdan Guoyong* (塘單國用) (2008) No.219 (24,068 square meters), Tangdan Guoyong* (塘單國用) (2008) No.222, Tangdan Guoyong* (塘單國用) (2008) No.230 and Tangdan Guoyong* (塘單國用) (2008) No.251;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjin Port Group”	天津港(集團)有限公司 (Tianjin Port (Group) Co., Ltd.*), an entity reorganised as a wholly state-owned company in the PRC on 29 July 2004 and holding the business owned and operated by the former government regulatory body of the port of Tianjin; and the indirect holder of 53.5% of the issued share capital of the Company as at the date of this announcement;
“Tianjin Port Materials”	天津港物資供應有限責任公司(Tianjin Port Goods and Materials Supplying Co., Ltd.*), a limited liability company incorporated in the PRC and a subsidiary of the Group; and
“%”	per cent.

By Order of the Board
Tianjin Port Development Holdings Limited
Chu Bin
Chairman

Hong Kong, 27 October 2022

As at the date of this announcement, the Board comprises Mr. Chu Bin, Mr. Luo Xunjie, Dr. Li Xiaoguang, Mr. Sun Bin and Mr. Yang Zhengliang as executive Directors; and Professor Japhet Sebastian Law, Mr. Cheng Chi Pang, Leslie and Mr. Zhang Weidong as independent non-executive Directors.

* *For identification purposes only*