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## **REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS**

### **REVISION OF ANNUAL CAP FOR THE SHORT-TERM LEASES**

Reference is made to the announcement of the Company dated 28 September 2020 and the circular of the Company dated 25 November 2020, in which it was announced, among other things, that the Company entered into the 2020 Property and Assets Lease Framework Agreement with Tianjin Port Group.

The Board expects that the existing annual cap for the Short-term Leases for the year ending 31 December 2022 will be insufficient, and has therefore resolved to revise the relevant annual cap.

### **LISTING RULES IMPLICATIONS**

Tianjin Port Group is the controlling shareholder of the Company indirectly interested in 53.5% of the issued share capital of the Company. Hence, the Tianjin Port Group Companies are connected persons of the Company. Accordingly, the transactions of the Group with the Tianjin Port Group Companies constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the annual cap for Right-of-use Assets Leases and the revised annual cap for the Short-term Leases contemplated under the 2020 Property and Assets Lease Framework Agreement for the year ending 31 December 2022 is more than 0.1% but less than 5%, the revised annual cap for the Short-term Leases for the year ending 31 December 2022 is subject to the reporting, announcement and annual review requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## REVISION OF ANNUAL CAP FOR THE SHORT-TERM LEASES

Reference is made to the announcement of the Company dated 28 September 2020 and the circular of the Company dated 25 November 2020, in which it was announced, among other things, that the Company entered into the 2020 Property and Assets Lease Framework Agreement with Tianjin Port Group.

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### 1. Historical figures and revised annual cap

According to HKFRS 16, (i) leases with a lease term of more than 12 months (the “Right-of-use Assets Leases”) are recognised as right-of-use assets and lease liabilities in the consolidated statement of financial position when the leased assets are available for use by the Group, and are recognised as depreciation of right-of-use assets and interest expenses on lease liabilities in the consolidated income statement; (ii) payments for leases with a lease term of 12 months or less and leases of low value assets (the “Short-term Leases”) are recognised as rental expenses in the consolidated income statement. The Group has categorised the annual caps for the transactions contemplated under the 2020 Property and Assets Lease Framework Agreement according to (i) the Right-of-use Assets Leases and (ii) the Short-term Leases in accordance with HKFRS 16 and the Listing Rules.

Set out below are the historical transaction amounts for the leasing of freight yards, warehouses, office buildings, facilities and equipment from the Tianjin Port Group Companies to the Group for the year ended 31 December 2021 and for the six months ended 30 June 2022, as well as the relevant existing annual caps and the revised annual cap for the Right-of-use Assets Leases and the Short-term Leases respectively for the year ending 31 December 2022.

	<b>Historical transaction amounts</b> <i>(RMB in thousands)</i>		<b>Annual caps</b> <i>(RMB in thousands)</i>	
	<b>For the year ended 31 December 2021</b>	<b>For the six months ended 30 June 2022</b>	<b>For the year ending 31 December 2022</b>	
			<b>Existing annual cap</b>	<b>Revised annual cap</b>
<b>Right-of-use Assets Leases</b>	70,453	309	49,000	49,000 (Unchanged)
<b>Short-term Leases</b>	38,671	16,351	41,000	58,000

## **2. Basis of the revised annual cap**

The revised annual cap for the Short-term Leases for the year ending 31 December 2022 is determined with reference to, among other things, the following factors:

- (i) the historical transactions and transaction amounts for leased freight yards, warehouses, office buildings, facilities and equipment;
- (ii) the expected lease arrangement with reference to the current lease arrangement including lease term and payment terms;
- (iii) the expectation of the Group on the demand for the Short-term Leases for freight yards, warehouses, office buildings, facilities and equipment in light of the business growth of the Group;
- (iv) the anticipated annual inflation rate; and
- (v) the anticipated demand for the Short-term Leases by the Group exceeds the initial expectation of the Group.

## **3. Reasons for and benefits of the revised annual cap**

The Tianjin Port Group Companies owned the freight yards, warehouses, office buildings and facilities for carrying out the port business. When these port businesses were subsequently spun off into the Group, the Group continues to lease freight yards, warehouses, office buildings and facilities from the Tianjin Port Group Companies. The freight yards, warehouses, office buildings, facilities and equipment are leased to the Group from the Tianjin Port Group Companies at market price, on normal commercial terms and terms that are no less favourable to the Group than those offered by independent third parties, and the leasing of freight yards, warehouses, office buildings, facilities and equipment from reliable and co-operative owners (such as the Tianjin Port Group Companies) is in the interests of the Group as a whole. As the anticipated demand for the Short-term Leases by the Group exceeds the initial expectation of the Group, the Board expects that the existing annual cap for the Short-term Leases for the year ending 31 December 2022 will be insufficient. The revised annual cap for the Short-term Leases will allow the Group to continue to leverage on the services which the Group requires for its operations.

## **OPINION OF THE DIRECTORS**

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the 2020 Property and Assets Lease Framework Agreement are entered into in the ordinary and usual course of business of the Group, and on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole, and the revised annual cap for the Short-term Leases for the year ending 31 December 2022 are fair and reasonable.

None of the Directors had a material interest in the transactions contemplated under the 2020 Property and Assets Lease Framework 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 the transactions with the Tianjin Port Group Companies.

## **INFORMATION ON THE PARTIES**

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 of the Company. Its principal businesses include port handling and stevedoring services, warehousing, logistics, and port area land development at the port of Tianjin in the PRC through its group companies.

## **LISTING RULES IMPLICATIONS**

Tianjin Port Group is the controlling shareholder of the Company indirectly interested in 53.5% of the issued share capital of the Company. Hence, the Tianjin Port Group Companies are connected persons of the Company. Accordingly, the transactions of the Group with the Tianjin Port Group Companies constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

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## **DEFINITIONS**

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

“2020 Property and Assets Lease Framework Agreement”	the framework agreement dated 28 September 2020 entered into between the Company and Tianjin Port Group in relation to the leasing of freight yards, warehouses, office buildings, facilities and equipment in Tianjin Binhai New Area from the Tianjin Port Group Companies to Group;
“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;
“Group”	the Company and its subsidiaries;
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” (as amended from time to time);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Right-of-use Assets Leases”	has the meaning ascribed to it under the section headed “ <i>Revision of annual cap for the Short-term Leases – 1. Historical figures and revised annual cap</i> ” of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Short-term Leases”	has the meaning ascribed to it under the section headed “ <i>Revision of annual cap for the Short-term Leases – 1. Historical figures and revised annual cap</i> ” of this announcement;
“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 Group Companies”	Tianjin Port Group and its associates; and
“%”	per cent.

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

Hong Kong, 15 December 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*