

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ENGINEERING PROCUREMENT
CONSTRUCTION (EPC) CONTRACT**

EPC CONTRACT

On 15 December 2022, Tianjin Wuze, a subsidiary of the Group entered into the EPC Contract with the Contractors in respect of the Dangerous Goods Container Yard Project, pursuant to which the Contractors agreed to provide EPC services to Tianjin Wuze at the aggregate consideration of approximately RMB287,402,696 (tax inclusive).

LISTING RULES IMPLICATIONS

Tianjin Port Engineering is a subsidiary of Tianjin Port Group (which is a controlling shareholder of the Company), and is therefore a connected person of the Company. Since Tianjin Port Engineering is one of the Contractors under the EPC Contract, the Transaction accordingly constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Transaction is more than 5% but all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the EPC Contract and the Transaction. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this connection.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the EPC Contract and the Transaction. As Tianjin Port Group is a controlling Shareholder and has a material interest in the EPC Contract, Tianjin Port Group and its associates will abstain from voting in respect of the relevant resolution.

A circular containing, among other things, details of the terms of the EPC Contract and the Transaction, the recommendation from the Independent Board Committee to the Independent Shareholders, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a notice of the EGM, is expected to be despatched to the Shareholders on or before 28 February 2023, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

PRINCIPAL TERMS OF THE EPC CONTRACT

- Date : 15 December 2022
- Parties : (a) Tianjin Wuze (as principal)
- (b) a consortium comprising the Contractors (as contractors) as follows:
- (i) Tianjin Port Engineering (as consortium leader); and
- (ii) CCCC First Harbor (as consortium member)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CCCC First Harbor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

- Expected date of completion of works : It is expected the date of completion of works will be on 15 October 2023.

- Subject Matter : Tianjin Wuze agreed to engage the Contractors to provide EPC services to Tianjin Wuze for the Dangerous Goods Container Yard Project. The construction scope will mainly consist of building of new container yard for dangerous goods, with a project area of approximately 99,000 square meters and a construction area of 10,821.23 square meters. The main construction components include facilities such as auxiliary construction area, gate area, storage yard area, inspection shed (Class A, mainly for storage of dangerous goods), emergency treatment area and warehouse (Class A, mainly for storage of dangerous goods) etc. The dangerous goods containers to be constructed will involve 7 categories and 11 types of goods.

The scope of EPC services includes, but not limited to, the completion of design documents and corresponding drawing reviews, handling of work commencement procedures, as well as related work involved in the Dangerous Goods Container Yard Project, which includes the construction of foundation treatment, supporting buildings and structure (including decoration construction and electromechanical equipment), fences, power supply, communication control, drainage, fire protection and mobile machinery etc. and the related works involved, so as to ensure the completion of the Dangerous Goods Container Yard Project through the whole sets of work from passing the acceptance inspection, maintenance and repair, to delivery for use etc.

Consideration and
Payment Method

The Consideration payable by Tianjin Wuze under the EPC Contract shall be RMB287,402,696 (tax inclusive) which comprises (i) the design fee of approximately RMB4,498,000 and (ii) the construction fee of approximately RMB282,904,696.

The Consideration was determined by the parties after arm's length negotiation and through a tendering selection process. The Group invited public tender for the construction works under the EPC Contract, and selected the Contractors as the tender winner after conducting relevant evaluation procedures and taking into consideration of various factors, including technical experience, professional qualifications, business reputation, project management abilities of all the tenderers, total expenses and other relevant factors.

The Consideration shall be settled in the following manner:

(i) Advance payment

The advance payment shall be 10% of the construction fee under the EPC Contract. 25% of the above advance payment shall be credited into the progress payment of the construction fee each month in the first four months.

(ii) Progress payment

Design fee

Within 28 days after the signing of the EPC Contract, Tianjin Wuze shall pay 30% of the total design fee. Within 28 days after the completion of the construction drawing and design documents and the review by the competent authority-in-charge for the industry, Tianjin Wuze shall pay 40% of the total design fee. Within 28 days after the completion and passing of acceptance inspection of the project, Tianjin Wuze shall pay 30% of the total design fee.

Construction fee

In aggregate up to 80% of the construction fee (inclusive of the advance payment) shall be paid on a monthly basis in accordance with the progress of the engineering works. In aggregate 97% of the audited construction value shall be paid after the completion and passing of acceptance inspection of the project and the project settlement audit has been completed.

(iii) Quality assurance fund

3% of the audited construction value shall be retained by Tianjin Wuze as quality assurance fund, and shall be paid (without interest) after the expiration of the defect liability period (which is 2 years from the completion and passing of acceptance inspection of the project) and the completion of the financial settlement, under the circumstance that there is no liability for quality or breach of contract, and upon the application submitted by the Contractors with verification by Tianjin Wuze. The payment of the project balance sum does not exempt the Contractors from the warranty responsibility within the design services life. The quality assurance fund can be replaced by bank guarantee, corporate guarantee or insurance.

The Consideration is expected to be funded by internal resources of the Group.

- Performance Guarantee : The Contractors shall provide a performance guarantee to Tianjin Wuze in the amount of 10% of the Consideration, which is RMB 28,740,269.6. The effective period of the guarantee commences from the effective date of the EPC Contract to the date of issuance of acceptance certificate by Tianjin Wuze and the date of passing of acceptance inspection by the Contractors.
- Effectiveness of the EPC Contract : The EPC Contract will become effective only after the Company has complied with all applicable laws and regulations that may be required to be complied with in relation to the transactions contemplated under the EPC Contract and the related matters (including obtaining the necessary shareholders' approval in compliance with applicable provisions under the Listing Rules).

REASONS FOR AND BENEFITS OF THE TRANSACTION

Each Contractor possesses the skills required for the Dangerous Goods Container Yard Project, as well as having plentiful experience with the same type of projects. Tianjin Wuze would benefit from the professional skills and resources in survey, design, construction of the Contractors through the Transaction, which ensures the overall quality of and accelerates the progress of the Dangerous Goods Container Yard Project.

The Directors (excluding members of the Independent Board Committee who will express their opinion after considering the recommendation of the independent financial adviser) are of the view that the EPC Contract is on normal commercial terms, and the terms of the EPC Contract and the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF 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. 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 Wuze is principally engaged in port operation services.

Tianjin Port Engineering is principally engaged in civil engineering construction, water supply and drainage engineering, port and coastal engineering, mechanical and electrical equipment installation engineering and waterway engineering, etc.

CCCC First Harbor is principally engaged in construction engineering design, construction engineering survey, contract foreign projects and project management services, etc.

LISTING RULES IMPLICATIONS

Tianjin Port Engineering is a subsidiary of Tianjin Port Group (which is a controlling Shareholder) and is therefore a connected person of the Company. Since Tianjin Port Engineering is one of the Contractors under the EPC Contract, the Transaction accordingly constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Transaction is more than 5% but all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of EPC Contract and Transaction. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this connection.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the EPC Contract and the Transaction. As Tianjin Port Group is a controlling Shareholder and has a material interest in the EPC Contract, Tianjin Port Group and its associates will abstain from voting in respect of the relevant resolution.

A circular containing, among other things, details of the terms of the EPC Contract and the Transaction, the recommendation from the Independent Board Committee to the Independent Shareholders, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a notice of the EGM, is expected to be despatched to the Shareholders on or before 28 February 2023, which is more than 15 business days after the publication of this announcement, as additional time is required by the Company for preparing the relevant information for inclusion in the circular.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“CCCC First Harbor”	中交第一航務工程勘察設計院有限公司 (CCCC First Harbor Consultants Co., Ltd.*), a company established in the PRC;
“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;
“Contractors”	Tianjin Port Engineering and CCCC First Harbor;
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	RMB287,402,696, being the aggregate consideration payable by Tianjin Wuze to the Contractors in respect of the EPC services for the Dangerous Goods Container Yard Project under the EPC Contract;
“Dangerous Goods Container Yard Project”	the engineering, procurement and construction of the Tianjin Nangang Industrial Zone’s construction of new dangerous goods container yard project located at the Site;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve, inter alia, the EPC Contract and the Transaction;
“EPC”	engineering, procurement and construction;

“EPC Contract”	the EPC agreement entered into between Tianjin Wuze (as principal) and the Contractors (as contractors) dated 15 December 2022 in relation to the Dangerous Goods Container Yard Project;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee comprising all of the independent non-executive Directors;
“Independent Shareholders”	Shareholders, other than Tianjin Port Group and its associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Site”	the intersection of Nangang 14 th Street and Gangqu Ring Road, Nangang Industrial Zone, Tianjin, the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjin Port Engineering”	天津港航工程有限公司 (Tianjin Port & Channel Engineering Co., Ltd.*), a limited liability company incorporated in the PRC and a subsidiary of Tianjin Port Group;
“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 Wuze”	天津物澤物流有限公司 (Tianjin Wuze Logistics Co., Ltd.*), a limited liability company incorporated in the PRC and a subsidiary of the Group;

“Transaction”

the transaction contemplated under the EPC Contract; 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*