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CONNECTED TRANSACTIONS ENGINEERING PROCUREMENT CONSTRUCTION (EPC) CONTRACTS

AUTOMATION RENOVATION EPC CONTRACT

On 28 March 2023, Tianjin Port Pacific, a subsidiary of the Group entered into the Automation Renovation EPC Contract with the Automation Renovation EPC Contract's Contractors in respect of the Yard Automation Renovation Project, pursuant to which the Automation Renovation EPC Contract's Contractors agreed to provide EPC services to Tianjin Port Pacific at the aggregate consideration of approximately RMB22,437,999 (tax inclusive).

AUXILIARY CONSTRUCTION AREA UPGRADE EPC CONTRACT

On 28 March 2023, Tianjin Port Pacific entered into the Auxiliary Construction Area Upgrade EPC Contract with the Auxiliary Construction Area Upgrade EPC Contract's Contractors in respect of the Auxiliary Construction Area Partial Upgrade Project, pursuant to which the Auxiliary Construction Area Upgrade EPC Contract's Contractors agreed to provide EPC services to Tianjin Port Pacific at the aggregate consideration of approximately RMB3,478,398 (tax inclusive).

LISTING RULES IMPLICATIONS

Both of Tianjin Port Engineering and Tianjin Jingang Construction are subsidiaries of Tianjin Port Group, a controlling Shareholder and are therefore connected persons of the Company. As Tianjin Port Engineering is one of the Automation Renovation EPC Contract's Contractors and Tianjin Jingang Construction is one of the Auxiliary Construction Area Upgrade EPC Contract's Contractors, the Transactions accordingly constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

On 15 December 2022, Tianjin Port Pacific entered into the Existing Agreements, to which Tianjin Port Engineering is a party as one of the contractors of the Existing Agreements respectively, details of which are set out in the announcement of the Company dated 15 December 2022. Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Existing Agreements and the EPC Contracts shall be aggregated. As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Transactions and the Existing Transactions on an aggregate basis are more than 0.1% but less than 5%, the Transactions and the Existing Transactions are only subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PRINCIPAL TERMS OF AUTOMATION RENOVATION EPC CONTRACT

Date : 28 March 2023

Parties : (a) Tianjin Port Pacific, as the principal;

(b) a consortium comprising the Automation Renovation EPC Contract's 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(s) are independent third parties.

Construction duration under the contract : The total number of construction days is 356 days.

Scope of construction under the EPC services : Tianjin Port Pacific agreed to engage the Automation Renovation EPC Contract's Contractors to provide EPC services to Tianjin Port Pacific for the Yard Automation Renovation Project. The construction scope will mainly consist of the construction of supporting facilities for heavy container yards, including the installation of safety fences and strong and weak circuit routing, etc., and the transformation of electric tire-type container gantry cranes into automatic tire-type container gantry cranes.

Consideration and payment method : The consideration payable by Tianjin Port Pacific to the Automation Renovation EPC Contract's Contractors under the Automation Renovation EPC Contract shall be RMB22,437,999 (tax inclusive) which comprises (i) the design fee of approximately RMB2,100,000 (tax inclusive) and (ii) the construction and installation fee of approximately RMB20,337,999 (tax inclusive).

The consideration was determined by the parties after arm's length negotiation and through a tendering selection process. Tianjin Port Pacific invited public tender for the construction works under the Automation Renovation EPC Contract, and selected the Automation Renovation EPC Contract's Contractors as the tender winner after conducting relevant evaluation procedures and taking into consideration of various factors, including technical experience, professional qualifications of the bidders (and, if the bidder is a consortium, the consortium members), business reputation and project management abilities of all the bidders, total expenses and other relevant factors.

The consideration shall be settled in the following manner:

(i) Advance payment

Within 30 days after the signing of the Automation Renovation EPC Contract, Tianjin Port Pacific shall pay the advance payment, which is 30% of the construction and installation fee under the Automation Renovation EPC Contract. The above advance payment shall be credited into the progress payments of the construction and installment fee in each of the first two months in equal proportion.

(ii) Progress payment

Design fee

The 90% of the total design fee shall be paid by Tianjin Port Pacific to CCCC First Harbor within 30 days after the construction drawing is completed and the external audit certificate is obtained. The remaining 10% of the total design fee shall be paid by Tianjin Port Pacific within 30 days after the completion and the passing of acceptance inspection of the project.

Construction and installation fee (being all fees under the Automation Renovation EPC Contract except the design fee)

Tianjin Port Pacific shall pay in aggregate up to 80% of the consideration (inclusive of the advance payment) to Tianjin Port Engineering on a monthly basis in accordance with the progress of the construction works.

Tianjin Port Pacific shall pay in aggregate 97% of the total project settlement value (subject to project settlement audit) to Tianjin Port Engineering after the completion and the passing of acceptance inspection of the project as well as the project settlement audit has been completed. The final payment of 3% of the total project settlement value shall be paid in one lump sum within 30 days after two years from the completion and the passing of acceptance inspection of the project.

(iii) Quality assurance fund

The 3% balance of the total project settlement value shall be retained by Tianjin Port Pacific as quality assurance fund, which shall be paid in one lump sum within 30 days after the completion and the passing of acceptance inspection of the project for two years, but the payment of such balance sum does not exempt the Automation Renovation EPC Contract's Contractors from the warranty responsibility within the design services life.

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

PRINCIPAL TERMS OF AUXILIARY CONSTRUCTION AREA UPGRADE EPC CONTRACT

Date : 28 March 2023

Parties : (a) Tianjin Port Pacific, as the principal;

(b) a consortium comprising the Auxiliary Construction Area Upgrade EPC Contract's Contractors, as contractors, as follows:

(i) Tianjin Jingang Construction (as consortium leader); and

(ii) Laike (Tianjin) Construction (as consortium member)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Laike (Tianjin) Construction and its ultimate beneficial owner(s) are independent third parties.

Construction duration under the contract : The total number of construction days is 50 days.

Scope of construction under the EPC services : Tianjin Port Pacific agreed to engage the Auxiliary Construction Area Upgrade EPC Contract's Contractors to provide EPC services to Tianjin Port Pacific for the Auxiliary Construction Area Partial Upgrade Project. The construction scope will mainly consist of the production and installation of fence; green planting and supporting green drainage construction; repairing and building of surrounding ring roads, paving of supporting grazing brick parking spaces, permeable brick parking spaces, and permeable brick pavements; building of charging pile foundations; fire exits and supporting outdoor rainwater pipelines, etc.

Consideration and payment method

: The consideration payable by Tianjin Port Pacific to the Auxiliary Construction Area Upgrade EPC Contract's Contractors under the Auxiliary Construction Area Upgrade EPC Contract shall be RMB3,478,398 (tax inclusive) which comprises (i) the design fee of approximately RMB175,000 (tax inclusive), (ii) the coordination and consultation fee of approximately RMB100,000 (tax inclusive) and (iii) the construction fee of approximately RMB3,203,398 (tax inclusive).

The consideration was determined by the parties after arm's length negotiation and through a tendering selection process. Tianjin Port Pacific invited public tender for the construction works under the Auxiliary Construction Area Upgrade EPC Contract, and selected the Auxiliary Construction Area Upgrade EPC Contract's Contractors as the tender winner after conducting relevant evaluation procedures and taking into consideration of various factors, including technical experience, professional qualifications of the bidders (and, if the bidder is a consortium, the consortium members), business reputation and project management abilities of all the bidders, total expenses and other relevant factors.

The consideration shall be settled in the following manner:

(i) Progress payment

Design fee

After the completion and the passing of acceptance inspection of the project, all of the design fee shall be paid in one lump sum.

Coordination and consultation fee

After the completion and the passing of acceptance inspection of the project, all of the coordination and consultation fee will be paid in one lump sum.

Construction fee (being all fees under the Auxiliary Construction Area Upgrade EPC Contract except the design fee and the coordination and consultation fee)

After the completion and the passing of acceptance inspection of the project, Tianjin Port Pacific shall pay in aggregate up to 80% of the consideration of the Auxiliary Construction Area Upgrade EPC Contract.

Tianjin Port Pacific shall pay in aggregate 97% of the total project settlement value (subject to project settlement audit) after the project settlement audit has been completed. The final payment of 3% of the total project settlement value shall be paid in one lump sum within 30 days after one year from the completion and the passing of acceptance inspection of the project.

(ii) Quality assurance fund

The 3% balance of the total project settlement value shall be retained by Tianjin Port Pacific as quality assurance fund, which shall be paid in one lump sum within 30 days after the completion and the passing of acceptance inspection of the project for one year, but the payment of such balance sum does not exempt the Auxiliary Construction Area Upgrade EPC Contract's Contractors from the warranty responsibility within the design services life.

All payments shall be made to Tianjin Jingang Construction, the consortium leader of the Auxiliary Construction Area Upgrade EPC Contract's Contractors.

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

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Each of the Automation Renovation EPC Contract's Contractors and the Auxiliary Construction Area Upgrade EPC Contract's Contractors possesses the skills required for the Yard Automation Renovation Project and the Auxiliary Construction Area Partial Upgrade Project respectively, as well as having plentiful experience with the same type of projects. After entering into the Transactions, Tianjin Port Pacific would benefit from the professional skills and resources in design and construction of the Automation Renovation EPC Contract's Contractors and the Auxiliary Construction Area Upgrade EPC Contract's Contractors, which can further enhance the operational capacity of Tianjin Port Pacific, thereby reaping greater benefits for the Group.

The Directors (including the independent non-executive Directors) are of the view that the EPC Contracts and the Transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the EPC Contracts and the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Both of Tianjin Port Engineering and Tianjin Jingang Construction are subsidiaries of Tianjin Port Group, a controlling Shareholder and are therefore connected persons of the Company. As Tianjin Port Engineering is one of the Automation Renovation EPC Contract's Contractors and Tianjin Jingang Construction is one of the Auxiliary Construction Area Upgrade EPC Contract's Contractors, the Transactions accordingly constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

On 15 December 2022, Tianjin Port Pacific entered into the Existing Agreements, to which Tianjin Port Engineering is a party as one of the contractors of the Existing Agreements respectively, details of which are set out in the announcement of the Company dated 15 December 2022. Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Existing Agreements and the EPC Contracts shall be aggregated. As all applicable percentage ratios (as defined in the Listing Rules) in respect of the Transactions and the Existing Transactions on an aggregate basis are more than 0.1% but less than 5%, the Transactions and the Existing Transactions are only subject to the reporting and announcement requirements, but are exempt from the 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 Transactions. 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 Pacific is principally engaged in container handling and other port ancillary services.

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

Tianjin Jingang Construction is principally engaged in provision of engineering design, project management and engineering consulting services.

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

Laike (Tianjin) Construction is principally engaged in construction engineering design, construction engineering survey and project management services, etc.

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;
“Automation Renovation EPC Contract”	the EPC agreement entered into between Tianjin Port Pacific (as the principal) and the Automation Renovation EPC Contract’s Contractors (as the contractors) dated 28 March 2023 in relation to the Yard Automation Renovation Project;
“Automation Renovation EPC Contract’s Contractors”	Tianjin Port Engineering and CCCC First Harbor;
“Auxiliary Construction Area Partial Upgrade Project”	the engineering, procurement and construction of partial upgrade of the auxiliary construction area located in the courtyard of Tianjin Port Pacific;
“Auxiliary Construction Area Upgrade EPC Contract”	the EPC agreement entered into between Tianjin Port Pacific (as the principal) and the Auxiliary Construction Area Upgrade EPC Contract’s Contractors (as the contractors) dated 28 March 2023 in relation to the Auxiliary Construction Area Partial Upgrade Project;
“Auxiliary Construction Area Upgrade EPC Contract’s Contractors”	Tianjin Jingang Construction and Laike (Tianjin) Construction;
“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;
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EPC”	engineering, procurement and construction;
“EPC Contracts”	the Automation Renovation EPC Contract and the Auxiliary Construction Area Upgrade EPC Contract;

“Existing Agreements”	the two EPC agreements dated 15 December 2022 executed by Tianjin Port Pacific (as the principal) in relation to the Jingwei road renovation project and the field bridge maintenance site renovation project respectively, to which Tianjin Port Engineering is a party as one of the contractors respectively and details of which are set out in the announcement of the Company dated 15 December 2022;
“Existing Transactions”	the transactions contemplated under the Existing Agreements;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“independent third party(ies)”	third party(ies) independent of the Company and its connected persons;
“Laike (Tianjin) Construction”	萊克（天津）建築工程有限公司 (Laike (Tianjin) Construction Engineering Co., Ltd.*), a company established in the PRC;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjin Jingang Construction”	天津津港建設有限公司 (Tianjin Jingang Construction Co., Ltd.*), a limited liability company incorporated in the PRC and a subsidiary of Tianjin Port Group;
“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 Port Pacific”	天津港太平洋國際集裝箱碼頭有限公司 (Tianjin Port Pacific International Container Terminal Co., Ltd.*), a limited liability company incorporated in the PRC and a subsidiary of the Group;
“Transactions”	the transactions contemplated under the EPC Contracts;
“Yard Automation Renovation Project”	the engineering, procurement and construction of the construction of supporting facilities for heavy container yards and the implementation of automation upgrading and transformation of electric tire-type container gantry cranes located at 天津自貿試驗區 (東疆保稅港區) 美洲路 3889號 (No. 3889 Meizhou Road, Tianjin Pilot Free Trade Zone (Dongjiang Free Trade Port Area)*); and
“%”	per cent.

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

Hong Kong, 28 March 2023

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

** For identification purposes only*