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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03382)

CONTINUING CONNECTED TRANSACTIONS

THE FRAMEWORK AGREEMENT

On 29 August 2023, the Company had entered into the Framework Agreement with the Contracting Party in relation to (1) the provision of services by the members of the Group to the members of the Contracting Party Group; and (2) the provision of services by the members of the Contracting Party Group to the members of the Group, covering such transactions commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive).

LISTING RULES IMPLICATIONS

Since 31 August 2022 and as at the date of this announcement, the Contracting Party, which holds 35% equity interest in the Fourth Company, a subsidiary of the Company, is a substantial shareholder (as defined in the Listing Rules) of the Fourth Company. Pursuant to Rule 14A.09(1) of the Listing Rules, prior to the Results Announcement Date, the Fourth Company was still an insignificant subsidiary of the Company and therefore the Contracting Party was not considered as a connected person of the Company back then.

Based on the 2022 Annual Result Announcement published by the Company on 28 March 2023, the Fourth Company is no longer an insignificant subsidiary of the Company from the Results Announcement Date, and therefore the relevant exemption to an insignificant subsidiary is no longer applicable to the Contracting Party, and it is considered as a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

As from the Results Announcement Date to the date of this announcement, all of the applicable percentage ratios (as defined in the Listing Rules) of each individual previous transaction under the Framework Agreement are less than 1%. Pursuant to Rule 14A.76(1)(b) of the Listing Rules, each individual previous transaction under the Framework Agreement is fully exempted from all disclosure requirements under Chapter 14A of the Listing Rules respectively. As the members of the Group and members of the Contracting Party Group will conduct similar transactions on a continuing or recurring basis, such transactions constitute continuing connected transactions of the Company, and the Company shall enter into the Framework Agreement with the Contracting Party for such continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Annual Caps exceed 1%. Since the members of the Contracting Party Group are connected persons of the Company at the subsidiary level, given that the Directors (including independent non-executive Directors) have approved the Framework Agreement and the previous transactions as well as the transactions contemplated thereunder, and that the independent non-executive Directors are of the view that the terms of the Framework Agreement and the previous transactions as well as the transactions contemplated thereunder are fair and reasonable, such transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better terms, and in the interests of the Company and the Shareholders as a whole. Therefore, the continuing connected transactions under the Framework Agreement are subject to the annual review, reporting and announcement requirements, but are exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

THE FRAMEWORK AGREEMENT – IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS BETWEEN MEMBERS OF THE GROUP AND MEMBERS OF THE CONTRACTING PARTY GROUP

(a) Principal terms

Date : 29 August 2023

Parties : (1) The Company
(2) The Contracting Party

Term under which the transactions are covered : 1 January 2023 to 31 December 2025 (both dates inclusive)

Nature of the transactions : (1) the provision of services by the members of the Group to members of the Contracting Party Group from time to time for their usual operation needs, which include:

- (a) port services (including but not limited to providing port berthing, loading and unloading, lightering, storage and other operation items for operation);
- (b) labour services (including but not limited to the provision of container operation labour services, provision of labour services for dispatched personnel, provision of other labour services);
- (c) storage or rental services (including but not limited to the provision of cargo storage management services, container storage, hoisting, haulage, inspection, repair and information management);

(d) tugboat services; and

(e) sales of goods,

and ancillary or other services related to the above; and

(2) the provision of services by members of the Contracting Party Group to members of the Group from time to time for their usual operation needs, which include:

(a) labour services (including but not limited to the provision of labour container operation services and the provision of labour services for dispatched personnel);

(b) transportation services;

(c) container pick-up services ; and

(d) rental services (including but not limited to the provision of machinery and equipment, container handling equipment),

and ancillary or other services related to the above,

subject to that the aggregate amounts of relevant transactions must be within the limit of the Proposed Annual Caps, and both parties agree (and, in the case of its individual member(s), procure the member(s) of such group) to sign an individual contract for each individual transaction, whose terms must comply with all principles and terms of the Framework Agreement, which include:

(a) that all terms of transactions in respect of the services shall be on normal commercial terms, and fair and reasonable;

(b) that all services are services for consideration between independent enterprises, such that the service provider(s) are entitled to charge the service recipient(s) reasonable fees with reference to fair market prices, while are also obliged to provide the corresponding services;

(c) that the provision of services shall be conducive to the business operation of both parties. The quality of the services provided by the service provider(s) shall be on par with that of the same or similar services provided by any independent third party. The services provided by the service provider(s) shall be fit for the purpose(s) for which the service(s) are required by the service recipient(s) and comply with the relevant standards on, for example,

production safety standard set by the government; and

(d) pricing basis mentioned below.

Pricing Basis : Prices of each type of services are determined with reference to the actual service content, quantity and quality, and according to the general pricing principles as below:

- (1) Port services: the actual service fee amount is determined through fair negotiation between the parties to the transaction based on the principle of fair market price or (if applicable) in accordance with relevant laws and regulations and/or regulations of the relevant government or regulatory authorities;
- (2) Labour services: (i) shall be determined based on the relevant laws and regulations, the type, content and complexity of specific services actually provided, as well as the cost of relevant labor required according to, among other things, the type of labour, the level of techniques required, level of seniority and their experience, and with reference to the labor market price at the Port of Tianjin; and (ii) is determined based on the relevant quantity of labor or service provided (if applicable). The service provider(s) adopts the same pricing determination mechanism for the service recipient(s) as it does for independent third parties;
- (3) Storage or rental services: shall base on the actual rental services received by the service recipient(s) such as the leased content, leased area, leased quantity, and lease term, and is determined with reference to the market price of similar leasing services. Among them (i) leasing of storage yards, freight yards and warehouses: through obtaining market price information by various means (including enquiring users or lessors of the neighbouring freight yards and warehouses about the recent rent, inquiring the auction price in the sale of neighbouring land with similar usage on government websites), the prices for the leases are determined with reference to the market price, the lease term, the location and the degree of usage of freight yards and warehouse to be leased, and the demand and supply of the market; (ii) facility and equipment leasing: through obtaining market price information by various means (including enquiring users or lessors of the neighbouring facility and equipment about the recent rent), the prices for the leases are determined with reference to the market prices, the lease terms, the condition and the degree of usage of facilities and equipment to be leased, and the demand and supply of the market;

- (4) Tugboat services: based on the actual specific service content provided (including the need to increase the tugboat service due to special circumstance caused by the non-service provider(s) and is determined by the parties to the transaction through fair negotiation based on the principle of fair market price or (if applicable) in accordance with relevant laws and regulations and/ or the regulations of the relevant government or regulatory authorities (such as the standard tariff table for container ships sailing on domestic coastal routes);
- (5) Transportation services: based on the actual specific service content provided (including the type and weight of the transported goods, etc.), and is determined by the parties to the transaction through fair negotiation based on the principle of fair market price or according to the transportation price announced by the service provider(s);
- (6) Container pick-up services: based on the actual specific service content provided (including container size, quantity, service life, etc.), and with reference to the market price of similar services. The service provider(s) adopts the same pricing mechanism for the service recipient(s) as it does for independent third parties; any additional stacking fees, demurrage fees, off-site container fees, and extrude fees caused by delayed pick-up or delayed return of containers shall be paid by the service recipient(s) to the service provider(s); and
- (7) Sale of goods: (i) fuel: is determined by the type and quantity of fuel the service recipient(s) actually purchased from the service provider(s), and with reference to the comparable relevant market prices; (ii) other commodities: is determined by the type, quantity, and quality of the goods the service recipient(s) actually purchased from the service provider(s), and is determined with reference to the market price of goods of similar type and quality. The price of the sales of goods is determined based on the relevant purchase price, and after referencing to factors such as general charging standards within the industry, market research, commodity supply and demand, transportation and storage costs, financing costs, and other related costs.

The terms of the transactions provided by the service provider(s) to the service recipient(s) are the same as the terms provided to independent third parties, or from the perspective of either party, shall be no less favourable than the terms of transactions provided by independent third parties to both parties respectively.

Payment terms : According to the individual contracts entered into pursuant to the Framework Agreement, payments will be made by the service recipient(s) to the service provider(s) based on normal commercial terms on a one-off, monthly, quarterly, semi-annual basis or according to the payment terms agreed in the contracts to be entered into pursuant to the Framework Agreement.

(b) Previous transaction amounts and the Proposed Annual Caps

Set out below are the previous transaction amounts in relation to (1) the provision of services by members of the Group to members of the Contracting Party Group; and (2) the provision of services by members of the Contracting Party Group to members of the Group for the two years ended 31 December 2021 and 2022 and the seven months ended 31 July 2023, and the Proposed Annual Caps for the three years ending 31 December 2023, 2024 and 2025.

Provision of services by members of the Group to members of the Contracting Party Group:

Previous transaction amounts <i>(RMB in thousands)</i>			Proposed Annual Caps <i>(RMB in thousands)</i>		
For the year ended 31 December 2021	For the year ended 31 December 2022	For the seven months ended 31 July 2023	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
27,295	39,557	53,684	184,200	189,726	195,418

Provision of services by members of the Contracting Party Group to members of the Group:

Previous transaction amounts <i>(RMB in thousands)</i>			Proposed Annual Caps <i>(RMB in thousands)</i>		
For the year ended 31 December 2021	For the year ended 31 December 2022	For the seven months ended 31 July 2023	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
1,352	3,669	3,202	7,000	7,210	7,430

(c) Basis of the Proposed Annual Caps

The Proposed Annual Caps are determined with reference to, among other things, the following factors: (i) previous transactions and transaction amounts between the two groups; (ii) the Group's expected business volume and service price growth; (iii) the Group's future development plans, which include the expected transactions and potential cooperation between members of the Group and members of the Contracting Party Group; and (iv) the expected annual inflation rate.

(d) Reasons for and benefits of entering into the Framework Agreement

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, while the Contracting Party is principally engaged in container logistics services. The parties have extensive experience in their respective service fields, and have been conducting transactions in accordance with their principal and ordinary business in the past.

Reference is made to the announcement of the Company dated 25 February 2022, in respect of the capital increase of the Fourth Company, pursuant to which the equity interest held by the Group in the Fourth Company reduced from 100% to 65%, while the Contracting Party became a substantial shareholder of the Fourth Company and holds 35% of its equity interest after the completion of such capital increase on 31 August 2022. The Contracting Party became a connected person of the Company at the subsidiary level in accordance with the Listing Rules, and the exemption of the Fourth Company as an insignificant subsidiary of the Company was no longer applicable after the Results Announcement Date. The transactions conducted by both parties and their group members on a continuing or recurring basis in their usual course of business are considered as continuing connected transactions under the Listing Rules, and therefore shall comply with the requirements of Chapter 14A of the Listing Rules. Entering into the Framework Agreement is conducive to the Group in reducing the related costs and improving efficiency, provides a reasonable basis for pricing determination and can further strengthen the cooperation relationship between the Group and the Contracting Party Group. At the same time, the Framework Agreement establishes a basis for the provision of services by the Group to the Contracting Party Group, thereby bringing a stable source of revenue to the Group, which is paramount and beneficial to the routine business operations of the Group. On the other hand, the Framework Agreement requires that the services provided by the Contracting Party Group to the Group are on terms that are no less favorable than those offered to the Group by independent third parties, which is therefore in the interest of the Group as a whole.

MEASURES OF INTERNAL CONTROL

The Company has established a series of internal control measures to ensure that the pricing mechanism and terms of the continuing connected transactions are fair and reasonable and no less favourable than the terms offered to/by independent third parties, including:

- (1) The Group has adopted various internal policies, such as purchasing policies, contract policies and connected transactions policies, to govern the subsidiaries of the Company, in particular:

The relevant departments of subsidiaries have to conduct comparison procedures by obtaining quotations from suppliers for products or services provided and/or by price enquiry under certain circumstances according to the requirements of the Group, and the actual prices for products or services are determined based on the market prices, the previous prices and the demand and supply of products or services. Before entering into any contract, the relevant subsidiaries shall perform review procedures, contracts have to be reviewed by various departments (such as finance department and/or audit department) and obtain proper approval. For connected transactions, the subsidiaries additionally have to compare the terms offered to/by the connected parties with those offered to/by the independent third parties to ensure that the terms offered to/by the connected parties are no less favourable than those offered to/by

independent third parties. Proper approvals also have to be obtained in accordance with the relevant internal management policies before entering into any contract.

- (2) The Group would conduct financial monitoring (including the execution of continuing connected transactions) and internal control and review on a regular basis for inspecting the effectiveness of internal control measures on connected transactions, financial audit on an annual basis and spot checks and supervision from time to time on related matters, so as to ensure that the transactions are entered into according to the terms of the relevant agreements.
- (3) The audit committee of the Company, which comprises all the independent non-executive Directors, shall review the continuing connected transactions of the Group every year according to the requirements of the Listing Rules to ensure that the transactions are entered into on normal commercial terms and according to the relevant agreements, and are on terms that are fair and reasonable and are in the interests of the Shareholders as a whole.
- (4) The auditors of the Company shall issue a letter in respect of the continuing connected transactions of the Group to the Board every year pursuant to the requirements under the Listing Rules.

OPINION OF THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement and the previous transactions as well as the transactions contemplated thereunder are fair and reasonable, such transactions are conducted in the ordinary and usual course of business of the Group on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole, while the Proposed Annual Caps are all fair and reasonable.

None of the Directors had any material interest in the Framework Agreement, and the previous transactions as well as transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolution approving the Framework Agreement and the previous transactions as well as transactions contemplated thereunder.

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.

The Contracting Party is a joint-stock company incorporated in the PRC, and is principally engaged in containerised logistic services, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 603565).

LISTING RULES IMPLICATIONS

Since 31 August 2022 and as at the date of this announcement, the Contracting Party, which holds 35% equity interest in the Fourth Company, a subsidiary of the Company, is a substantial shareholder (as defined in the Listing Rules) of the Fourth Company. Pursuant to Rule 14A.09(1) of the Listing Rules, the Fourth Company was still an insignificant subsidiary of the Company, prior to the Results Announcement Date, and therefore the Contracting Party was not considered as a connected person of the Company back then.

Based on the 2022 Annual Result Announcement published by the Company on 28 March 2023, the Fourth Company is no longer an insignificant subsidiary of the Company from the Results Announcement Date, and therefore the relevant exemption to an insignificant subsidiary is no longer applicable to the Contracting Party, and it is considered as connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

As from the Results Announcement Date to the date of this announcement, all of the applicable percentage ratios (as defined in the Listing Rules) of each individual previous transaction under the Framework Agreement are less than 1%. Pursuant to Rule 14A.76(1)(b) of the Listing Rules, each individual previous transaction under the Framework Agreement is fully exempted from all disclosure requirements under Chapter 14A of the Listing Rules respectively. As the members of the Group and members of the Contracting Party Group will conduct similar transactions on a continuing or recurring basis, such transactions constitute continuing connected transactions of the Company, and the Company shall enter into the Framework Agreement with the Contracting Party for such continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Annual Caps exceed 1%. Since the members of the Contracting Party Group are connected persons of the Company at the subsidiary level, given that the Directors (including independent non-executive Directors) have approved the Framework Agreement and the previous transactions as well as the transactions contemplated thereunder, and that the independent non-executive Directors are of the view that the terms of the Framework Agreement and the previous transactions as well as the transactions contemplated thereunder are fair and reasonable, such transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better terms, and in the interests of the Company and the Shareholders as a whole. Therefore, the continuing connected transactions under the Framework Agreement are subject to the annual review, reporting and announcement requirements, but are exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“2022 Annual Result Announcement”	Annual Result Announcement of the Company for the year ending 31 December 2022 dated 28 March 2023;
“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;
“Contracting Party”	Shanghai Zhonggu Logistics Co., Ltd., a joint-stock company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 603565);
“Contracting Party Group”	the Contracting Party, its subsidiaries, branches and associates from time to time, but excluding the Fourth Company; and
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Fourth Company”	天津港第四港埠有限公司(Tianjin Port No. 4 Stevedoring Co., Ltd.*), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company, and the Company holds 65% of its equity interest at the date of this announcement;
“Framework Agreement”	an integrated service framework agreement dated 29 August 2023 entered into between the Company and the Contracting Party in relation to (1) the provision of services by the members of the Group to members of the Contracting Party Group; and (2) the provision of services by members of the Contracting Party Group to the members of the Group;
“Group”	the Company and its subsidiaries;
“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;
“Proposed Annual Caps”	the proposed annual caps for the three years ending 31 December 2023, 2024, and 2025 for the Transactions contemplated under the Framework Agreement;
“Results Announcement Date”	28 March 2023, the day when the Company published the 2022 Annual Result Announcement and became aware that the Fourth Company is no longer considered as an insignificant subsidiary of the Company;
“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; and
“%”	per cent.

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

Hong Kong, 29 August 2023

As at the date of this announcement, the Board comprises Mr. Chu Bin, Mr. Luo Xunjie, Mr. Teng Fei, 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*