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**CONNECTED TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF 7.32% EQUITY INTEREST IN TRADING MARKET CO**

**THE DISPOSAL**

On 25 September 2023, Logistics Development Co, a subsidiary of the Company, entered into the Equity Transfer Agreement with Tianjin Port Group, the controlling shareholder of the Company, pursuant to which Logistics Development Co agreed to transfer, and Tianjin Port Group agreed to acquire 7.32% of the equity interest in Trading Market Co at nil consideration.

Immediately following the completion of the Disposal, the Group will no longer hold any equity interest in Trading Market Co.

**LISTING RULES IMPLICATIONS**

Tianjin Port Group is the controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction 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 Disposal is more than 0.1% but less than 5%, the Disposal is only subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT**

Date	:	25 September 2023
Parties	:	Logistics Development Co (as transferor) Tianjin Port Group (as transferee)
Interest to be disposed of	:	7.32% of the equity interest in Trading Market Co held by Logistics Development Co

Consideration and payment terms : The consideration of the Disposal is nil which was arrived at after arm's length negotiations between Logistics Development Co and Tianjin Port Group with reference to the appraised value assessed by the independent valuer, 天津華夏金信資產評估有限公司(Tianjin Huaxia Jinxin Assets Valuation Co., Ltd.\*).

According to the appraisal report issued by 天津華夏金信資產評估有限公司(Tianjin Huaxia Jinxin Assets Valuation Co., Ltd.\*), the main approaches for business valuation include the income approach, the market approach and the asset-based approach, among which:

(1) the income approach determines the value of the target company by capitalising or discounting its expected income. Nevertheless, since Trading Market Co has suffered losses for several years, and the management of the Trading Market Co believes that there is no sign of turning losses into profits in the foreseeable future. The income approach is therefore inapplicable;

(2) the market approach determines the value of the target company by comparing the target company with comparable listed companies or transaction cases. Trading Market Co is not a listed company, and the structure and scale of listed companies in the same industry are quite different from those of Trading Market Co. Besides, the number of similar transaction cases is relatively small, and the relevant data are difficult to obtain. No comparable value ratio can be concluded. Therefore, the market approach is inapplicable; and

(3) the asset-based approach determines the value of the target company by evaluating its value of assets and liabilities based on its balance sheet as of the reference date. As the assets and liabilities of Trading Market Co on the Valuation Reference Date can be identified and assessed separately using appropriate assessment methods, and Trading Market Co does not have any assets and liabilities which are difficult to be identified or assessed for forming a valuation conclusion. Therefore, the asset-based approach is used for this valuation.

天津華夏金信資產評估有限公司(Tianjin Huaxia Jinxin Assets Valuation Co., Ltd.\*) adopted the asset-based approach for the valuation of the market value of the entire shareholders' equity in Trading Market Co as at the Valuation Reference Date. The appraised value was RMB-807,552,600. Based on such appraised value, the consideration of the Disposal was arrived at after calculating the pro-rata appraised value of the Disposal Equity. The main assumptions made in the valuation include (i) the Disposal Equity can be traded in the market; (ii) the Disposal Equity is already a subject of a transaction; (iii) Trading Market Co will continue to operate according to its business objectives and management models; and (iv) there is no material change as to all other factors and circumstances etc.

If, as of the last day of the calendar month preceding the completion date of the Disposal, the shareholders' equity in the Management Accounts remains negative, the Disposal Equity's proportionate share of the unaudited net profit and loss (i.e., the net profit, if any, during the Transitional Period) during the Transitional Period shall be shared or borne by Tianjin Port Group. If, as of the last day of the calendar month preceding the completion date of the Disposal, the shareholders' equity in the Management Accounts turns positive, the Disposal Equity's proportionate share of the unaudited net profit and loss (i.e. the net profit, if any, during the Transitional Period) of Trading Market Co during the Transitional Period, after making up for the previous loss, shall be shared by Logistics Development Co.

The final consideration shall be paid by Tianjin Port Group to Logistics Development Co in one lump sum in cash within 3 working days after the date of completion of the Disposal.

- Effectiveness : The Equity Transfer Agreement will become effective upon signing by the respective legal representatives or authorised representatives of the parties and affixing of their official stamp thereto.
- Completion : After the Equity Transfer Agreement having become effective, Logistics Development Co and Tianjin Port Group shall cooperate and handle the shareholding change registration in respect of the Disposal with the industrial and commercial administration authorities as soon as practicable in accordance with laws. The date of completion of the Disposal shall be the date on which the shareholding change is registered.

## **INFORMATION ON TRADING MARKET CO**

Trading Market Co is a limited liability company incorporated in the PRC and is principally engaged in coal, coke, ore, oil products' trading market services, international freight forwarding services, logistics distribution and related services, cargo intermodal agency services, port business intermediaries services, etc.

As at the date of this announcement, Logistics Development Co holds 7.32% of the equity interest in Trading Market Co. Immediately following the completion of the Disposal, the Group will no longer hold any equity interest in Trading Market Co.

Set out below is the equity interest of Trading Market Co before and after the completion of the Disposal:

	<b>Before the Disposal is completed</b>	<b>After the Disposal is completed</b>
	%	%
Logistics Development Co	7.32	0.00
Tianjin Port Group	81.71	89.03
天津港散貨物流有限責任公司(Tianjin Port Bulk Cargo Logistics Co., Ltd.*)	10.97	10.97
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

According to the audited financial statements of the Trading Market Co prepared under the China Accounting Standards for Business Enterprises, the value of audited net liabilities of the Trading Market Co as at 31 December 2022 was approximately RMB722.61 million, and its audited net loss before and after tax for the two years ended 31 December 2021 and 2022 and its unaudited net loss before and after tax for the six months ended 30 June 2023 are set out below:

	<b>For the year ended 31 December</b>		<b>For the six months ended 30 June</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(unaudited)
Net loss before tax	455.98	68.28	39.59
Net loss after tax	456.06	68.28	39.59

## **FINANCIAL EFFECT OF THE DISPOSAL**

The Group's interests in Trading Market Co are classified as financial assets at fair value through other comprehensive income in the consolidated financial statements of the Group. Since the Disposal Equity has been accounted for at fair value, the Company expects that there will be no gain or loss due to the Disposal, and the Disposal will neither result in any cash proceeds to the Company.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Trading Market Co is currently in a state of insolvency, with uncertainty in its ability to continue operating. The Disposal will amount to an aversion of investment risks, preserving interests of the Company. In addition, the Disposal will optimise resource allocation of the Group and allow the Logistics Development Co to focus on developing its major port logistics business. The Company believes that the Disposal will reduce operational risks and capital risks of the Group, thereby improving the Group's overall asset quality and operation capabilities.

The Directors (including the independent non-executive Directors) are of the view that the Disposal

is conducted on normal commercial terms, and the terms of the Equity Transfer Agreement and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **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 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.

Logistics Development Co is principally engaged in port logistics operating businesses.

## **LISTING RULES IMPLICATIONS**

Tianjin Port Group is the controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction 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 Disposal is more than 0.1% but less than 5%, the Disposal is only subject to the reporting and announcement requirements, but is 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 Disposal. 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.

## **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;
“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;
“Disposal”	the disposal of 7.32% of the equity interest in Trading Market Co by Logistics Development Co to Tianjin Port Group pursuant to the Equity Transfer Agreement;
“Disposal Equity”	the 7.32% of the equity interest in Trading Market Co proposed to be transferred by Logistics Development Co for the Disposal;
“Equity Transfer Agreement”	the agreement dated 25 September 2023 entered into between Logistics Development Co (as transferor) and Tianjin Port Group (as transferee) in relation to the Disposal, details of which are set out in the section headed “ <i>Principal Terms of the Equity Transfer Agreement</i> ” in this announcement;
“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;
“Logistics Development Co”	天津港物流發展有限公司 (Tianjin Port Logistics Development Co., Ltd.*), a limited liability company incorporated in the PRC and a subsidiary of the Company as at the date of this announcement;
“Management Accounts”	the unaudited management accounts of the Trading Market Co comprising its unaudited statements of profit and loss for such calendar year up to the calendar month immediately prior to the completion date of the Disposal and its unaudited statement of financial position as at the last day of the calendar month immediately prior to the completion date of the Disposal, all of which are prepared in accordance with the China Accounting Standards for Business Enterprise;
“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;

“Trading Market Co”

天津港交易市場有限責任公司 (Tianjin Port Trading Market Co., Ltd.\*), a limited liability company incorporated in the PRC and the Group has held 7.32% of its equity interest via Logistics Development Co as at the date of this announcement;

“Transitional Period”

the period from the day following the Valuation Reference Date (inclusive of that date) to the last day of the calendar month preceding the completion date of the Disposal;

“Valuation Reference Date”

31 December 2022, being the reference date for the valuation of the market value of the entire shareholders’ equity in Trading Market Co; and

“%”

per cent.

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

Hong Kong, 25 September 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*