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## **CONNECTED TRANSACTION NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

### **NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Prior to the Equity Transfer and as at 21 November 2023, Labour Co, Mechanical and Electrical Co, both being subsidiaries of Tianjin Port Group, and No.1 Co, a subsidiary of the Company, respectively held 42.50%, 29.17% and 28.33% of the equity interest in Leasing Co. Mechanical and Electrical Co has proposed to transfer its 29.17% equity interest in Leasing Co to Labour Co at the consideration of RMB3,224,014.25. Pursuant to the relevant provisions in the articles of association of Leasing Co, No. 1 Co, as a shareholder of Leasing Co, was entitled to the Right of First Refusal with respect to the Equity Transfer.

After thoroughly considering the factors, including the transaction background of the Equity Transfer and the overall development planning direction of No. 1 Co, on 21 November 2023, the Board resolved to approve the non-exercise of the Right of First Refusal by No. 1 Co in respect of the Equity Transfer. Following the completion of the Equity Transfer, Labour Co will hold 71.67% of the equity interest in Leasing Co, whereas the Company's indirect equity interest and control, via No.1 Co's direct shareholding, in Leasing Co will remain unchanged.

### **LISTING RULES IMPLICATIONS**

Tianjin Port Group is the controlling shareholder of the Company, indirectly holding approximately 53.5% of the equity interest of the Company, and Labour Co and Mechanical and Electrical Co are both subsidiaries of Tianjin Port Group. Therefore, Tianjin Port Group, Labour Co and Mechanical and Electrical Co are all connected persons of the Company. Accordingly, the non-exercise of the Right of First Refusal by No. 1 Co 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 non-exercise of the Right of First Refusal by No. 1 Co is more than 0.1% but less than 5%, the transaction in respect of the non-exercise of the Right of First Refusal is 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.

## **NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Prior to the Equity Transfer and as at 21 November 2023, Labour Co, Mechanical and Electrical Co, both being subsidiaries of Tianjin Port Group, and No.1 Co, a subsidiary of the Company, respectively held 42.50%, 29.17% and 28.33% of the equity interest in Leasing Co. Mechanical and Electrical Co has proposed to transfer its 29.17% equity interest in Leasing Co to Labour Co at the consideration of RMB3,224,014.25. Pursuant to the relevant provisions in the articles of association of Leasing Co, No. 1 Co, as a shareholders of Leasing Co, was entitled to the Right of First Refusal with respect to the Equity Transfer.

The consideration of the Equity Transfer is determined with reference to the Valuation Report issued by an independent third-party valuer, which adopted the asset-based approach to evaluate the market value of Leasing Co, i.e. based on the balance sheet of Leasing Co, to conduct an assessment of the value of its assets and liabilities taking into account the specific circumstances. As the property rights of main assets of the Leasing Co are identifiable, and there was sufficient data based on which the relevant economic and technical parameters were applied in assessing its assets and liabilities, it was pertinent to adopt the asset-based approach in such valuation, which is however subject to the main assumptions including that (i) such shares of Leasing Co being the subject matter of the Equity Transfer could otherwise be traded publicly and freely in the market; (ii) the transaction in respect of the Equity Transfer is already taking place; (iii) the Leasing Co will continue to operate according to its current operational objectives and management model; and (iv) there would be no material changes in all other factors and circumstances etc.

Based on the abovementioned, the appraised value of the entire shareholders' equity in Leasing Co as at the Valuation Reference Date is RMB11,052,500 while the appraised value of the 29.17% equity interest in Leasing Co held by Mechanical and Electrical Co is RMB3,224,014.25, which thus determines the consideration for the Equity Transfer. As the Leasing Co has continued to operate since the Valuation Reference Date, both parties to the Equity Transfer agreed that the Mechanical and Electrical Co shall bear its pro-rata portion of the net profit or loss (as the case may be) of the Leasing Co during the Transitional Period based on 29.17% of the audited value of change in the net asset of the leasing company during the Transitional Period.

After thoroughly considering the factors, including the transaction background of the Equity Transfer and the overall development planning direction of No. 1 Co, on 21 November 2023, the Board resolved to approve the non-exercise of the Right of First Refusal by No. 1 Co in respect of the Equity Transfer.

Set out below is the shareholding distribution of Leasing Co before and after the completion of the Equity Transfer:

	<b>Before the completion of Equity Transfer</b>	<b>After the completion of Equity Transfer</b>
	%	%
Labour Co	42.50	71.67
Mechanical and Electrical Co	29.17	0.00
No.1 Co	28.33	28.33
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Following the completion of the Equity Transfer, Labour Co will hold 71.67% of the equity interest in Leasing Co, whereas the Company's indirect equity interest and control, via No.1 Co's direct shareholding, in Leasing Co will remain unchanged.

#### **INFORMATION OF LEASING CO**

Leasing Co is principally engaged in special equipment installation, modification and repair services, port facility equipment and machinery leasing and maintenance services, motor vehicle and machinery equipment sales and leasing, software development and technology development services, etc.

According to the audited financial statements of Leasing Co prepared under the China Accounting Standards for Business Enterprises, the audited total asset value and net asset value of Leasing Co as at 31 December 2022 were approximately RMB34.52 million and RMB8.74 million respectively.

Set out below are the audited net loss before and after tax for the two years ended 31 December 2021 and 2022, and the unaudited net loss before and after tax for the six months ended 30 June 2023 of Leasing Co:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>	<b>For the six months ended 30 June 2023</b>
	<i>RMB million</i> (audited)	<i>RMB million</i> (audited)	<i>RMB million</i> (unaudited)
Net loss before tax	4.80	2.29	0.83
Net loss after tax	4.80	2.29	0.83

## **REASONS FOR AND BENEFITS OF NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

The Company has decided to approve the non-exercise of the Right of First Refusal by No. 1 Co in respect of the Equity Transfer after thorough consideration of the transaction background of the Equity Transfer and the overall development planning direction of No. 1 Co, namely as follows:

- (1) the Leasing Co is principally engaged in special equipment installation, modification and repair services, machinery and equipment leasing, etc., while No.1 Co is principally engaged in the port loading, unloading, handling and warehousing business. Therefore, the purchase of further equity interest in the Leasing Co by No. 1 Co will be inconsistent with the Group's development plan, which focuses on its principal business; and
- (2) after the completion of the Equity Transfer, the Company's equity interest and control in Leasing Co through No.1 Co will remain unchanged. The non-exercise of the Right of First Refusal by No.1 Co will neither have any adverse impact on the Company's daily business operations and financial conditions, nor any impact on the scope of the consolidated financial statements of the Company.

The Board (including the independent non-executive Directors) is of the view that although the non-exercise of the Right of First Refusal is not conducted in the Company's ordinary and usual course of business, the Equity Transfer will be conducted on normal commercial terms, and the non-exercise of the Right of First Refusal is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

Tianjin Port Group is the controlling shareholder of the Company, indirectly holding approximately 53.5% of the equity interest of the Company, and Labour Co and Mechanical and Electrical Co are both subsidiaries of Tianjin Port Group. Therefore, Tianjin Port Group, Labour Co and Mechanical and Electrical Co are all connected persons of the Company. Accordingly, the non-exercise of the Right of First Refusal by No. 1 Co 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 non-exercise of the Right of First Refusal by No. 1 Co is more than 0.1% but less than 5%, the transaction in respect of the non-exercise of the Right of First Refusal is 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 non-exercise of the Right of First Refusal. 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 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.

Labour Co is principally engaged in labour services, human resources information consultation services, loading and unloading services, port consultation services, as well as machinery and equipment leasing services.

Mechanical and Electrical Co is principally engaged in electromechanical equipment manufacturing and installation services, pipeline and steel structure engineering services, transportation equipment manufacturing services, electromechanical equipment and ship maintenance services, as well as mechanical equipment leasing services.

No. 1 Co is principally engaged in containerised and non-containerised cargo handling services and other port ancillary services at the port of Tianjin in the PRC.

## **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 of the Company;
“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;
“Equity Transfer”	the transaction in respect of the proposed transfer of 29.17% equity interest in Leasing Co held by Mechanical and Electrical Co to Labour Co at the consideration of RMB3,224,014.25;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Labour Co”	天津港勞務發展有限公司 (Tianjin Port Labour Development Co., Ltd.*), a limited liability company incorporated in the PRC and a subsidiary of Tianjin Port Group;
“Leasing Co”	天津港機械設備租賃有限公司 (Tianjin Port Machinery Equipment Leasing Co., Ltd.*), a limited liability company incorporated in the PRC, in which Labour Co, Mechanical and Electrical Co and No.1 Co held 42.50%, 29.17% and 28.33% of the equity interest respectively prior to the Equity Transfer and as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mechanical and Electrical Co”	天津港機電設備安裝工程有限公司 (Tianjin Port Mechanical and Electrical Equipment Installation Engineering Co., Ltd.*), a limited liability company incorporated in the PRC and a subsidiary of the Company;
“No. 1 Co”	天津港第一港埠有限公司 (Tianjin Port No. 1 Stevedoring Co., Ltd.*), a limited liability company incorporated in the PRC and a subsidiary of the Company;
“PRC”	the People’s Republic of China;
“Right of First Refusal”	the right of first refusal which No. 1 Co is entitled to purchase the equity interest in Leasing Co in respect of the Equity Transfer pursuant to the articles of association of Leasing Co;
“RMB”	Renminbi, the lawful currency of the PRC;
“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 enterprise 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;

“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 Equity Transfer;
“Valuation Report”	the valuation report dated 23 May 2023 issued by China Tong Cheng Assets Appraisal Co., Ltd.* (中通誠資產評估有限公司);
“Valuation Reference Date”	28 February 2023, being the reference date for the valuation of the market value of the entire shareholders’ equity in the Leasing Co; and
“%”	per cent.

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

Hong Kong, 21 November 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*