**天津濱海泰達物流集團股份有限公司**

**Tianjin Binhai Teda Logistics (Group) Corporation Limited***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 8348)**

# PROPOSED MANDATE IN RELATION TO THE POTENTIAL VERY SUBSTANTIAL DISPOSAL THROUGH PUBLIC TENDER

## THE POTENTIAL DISPOSAL THROUGH PUBLIC TENDER

The Board announces that the Company intends to dispose of all of its 60% equity interest in the Target Company by way of public listing-for-sale process.

The Potential Disposal will be conducted on the TPRE by way of public listing-for-sale process, and the Successful Bidder will enter into the Equity Transfer Agreement with the Company according to the relevant rules and regulations of TPRE.

The Initial Minimum Consideration is the minimum bid price of RMB93,123,000.

The Final Consideration shall be equal to the winning bid price of the Public Tender, but in any event, shall not be less than the Initial Minimum Consideration.

## GEM LISTING RULES IMPLICATIONS

Based on the amount of the Initial Minimum Consideration, one or more applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Potential Disposal exceeds 75%. Therefore, the Potential Disposal is expected to constitute a very substantial disposal of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Board would like to seek the Proposed Mandate to be granted in advance by the Shareholders at the EGM for the Directors to enter into and complete the Potential Disposal through the Public Tender.

None of the Directors has material interests in the Potential Disposal and hence no Director is required to abstain from voting on the Board resolutions approving the Potential Disposal and the transactions contemplated thereunder.

**EGM AND SHAREHOLDERS' CIRCULAR**

An EGM will be convened and held by the Company to seek Shareholders' approval for the Equity Transfer Agreement and the Potential Disposal. A circular containing, among other things, (i) further details of the Equity Transfer Agreement; (ii) the financial information of the Target Company; (iii) the unaudited pro forma financial information of the Company upon completion of the Potential Disposal; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 21 August 2024.

**The terms of the Public Tender have yet to be finalised and therefore may be subject to further amendments. In addition, as the Potential Disposal may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in compliance with the GEM Listing Rules as and when appropriate or required.**

## INTRODUCTION

The Board announces that the Company intends to dispose of all of its 60% equity interest in the Target Company by way of public listing-for-sale process through TPRE. In accordance with the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC, the Potential Disposal will be conducted on the TPRE by way of public listing-for-sale process.

## PRINCIPAL TERMS OF THE POTENTIAL DISPOSAL

The principal terms of the Potential Disposal are set forth below.

### Qualifications of Potential Bidders

The potential bidders shall satisfy, among others, the following qualifications:

1. the potential bidders shall be validly established enterprises or natural persons who shall have full civil capacity;

2. the potential bidders shall be financially sound and solvent and have good business credibility, and be able to complete acquisition corresponding to the Potential Disposal; and

3. other qualifications stipulated under the laws and regulations of the PRC or as may be directed by the relevant PRC governmental authorities including TPRE.

A bidder will be requried to undertake that it and its ultimate beneficial owners are all independent third parties of the Company.

The bidder who offers the highest bid price will be the Successful Bidder.

**Date and Procedures of the Public Tender**

The Company shall submit to TPRE the tender notice setting out, inter alia, (i) the Initial Minimum Consideration, which will not be disclosed at the time of pre tender and will be disclosed at the time of formal tender; (ii) the principal terms of the bidding; and (iii) descriptions and qualifications of the potential bidders. As the Company is the controlling shareholder of the Target Company, the tender process will include pre-tender and formal tender. The Company will submit the tender notice to TPRE as soon as practicable.

The Company is expected to seek the Shareholders' approval for the Potential Disposal in around August 2024. The Company will submit the pre-tender notice and the formal tender notice in respect of the Potential Disposal to TPRE as soon as practicable and in any event, within one month after the publication of this announcement and within one month after the Shareholders have granted the Proposed Mandate at the EGM, respectively. The Publication Period will be 20 Working Days from the date of the pre-tender notice and 20 Working Days from the date of the formal tender notice. During the Publication Period, qualified bidders may indicate their intention to purchase the 60% equity interest in the Target Company and register themselves as interested bidders. Upon the expiry of the Publication Period, the TPRE will notify the Company of the identity of the Successful Bidder within two months after the publication of the formal tender. Upon the notification of the Successful Bidder (being the highest bidder) by the TPRE, the Company shall enter into the Equity Transfer Agreement with the Successful Bidder. The Potential Disposal is expected to be completed within one month after the publication of the tender results.

As at the date of this announcement, material particulars of the Equity Transfer Agreement including the Successful Bidder, final consideration, payment, delivery and transfer time have not been determined. The Company will enter into the Equity Transfer Agreement upon confirmation of the Successful Bidder and will publish further announcement and comply with relevant GEM Listing Rules requirements upon the entering into of the Equity Transfer Agreement with the Successful Bidder.

**Mandate Period**

The Proposed Mandate is for the Mandate Period, i.e. a period of 12 months from the date of passing of the relevant ordinary resolution at the EGM.

**Subject Matter of the Potential Disposal**

The Target Company is a company established in the PRC and has a registered capital of RMB200,000,000, which is owned as to 60% by the Company and 40% by Chia Tai Logistics Company Limited. Chia Tai Logistics Company Limited is wholly-owned by Sino Biopharmaceutical Limited, a company whose shares are listed on the Stock Exchange (stock code: 1177) and a substantial shareholder of the Company. Chia Tai Logistics Company Limited is therefore a connected person of the Company. Chia Tai Logistics Company Limited has the right of first refusal in respect of the 60% equity interests being disposed of pursuant to the articles of association of the Target Company and it intends to waive such right by way of written notice prior to the publication of the formal notice on TPRE.

The Company intends to dispose of all of its 60% equity interest in the Target Company.

Upon completion of the Potential Disposal, the Company will not hold any equity interest in the Target Company and the Target Company will cease to be a joint venture of the Group.

**Consideration and Payment Terms**

The Initial Minimum Consideration is the minimum bid price for the Potential Disposal of RMB93,123,000. The Initial Minimum Consideration of the Potential Disposal is determined by reference to the following factors: (1) 60% of the net book assets of the Target Company; (2) 60% of the appraised net asset value of The Target Company as set out in the Valuation Report issued by an independent valuer according to the relevant requirements governing the transfer of state-owned assets of enterprise in the PRC as at 31 December 2023; (3) the proposed acquisition price given by a potential buyer which has indicated interest to bid for the Potential Disposal; (4) the publicly tender price of the rights and interests of a cold storage company in the same region as the Target Company; (5) the intense competition in the market and the unfavorable conditions currently facing the cold chain industry; (6) factors contained in the paragraph "reasons for and benefits of the Potential Disposal", such as the profits and business operations of the Target Company in the past, the effect to the financial conditions and business operations of the Company after the Potential Disposal.

The preliminary appraised net asset value of the Target Company as at 31 December 2023 using the asset-based approach in the Valuation Report issued by the Valuer is RMB155,205,000.

The Final Consideration for the Potential Disposal will depend on the final bid price to be offered by the Successful Bidder in the public listing-for-sale process, and shall be paid by the Successful Bidder in the following manners:

(1) security deposit paid by the Successful Bidder will form part of the Final Consideration; and

(2) the remaining balance of the final bid price, shall be paid into the account designated by the TPRE within 5 Working Days after the signing of the Equity Transfer Agreement.

In the event that there is no bidder for the Potential Disposal upon expiry of the said Publication Period of the formal tender, the Company may extend such period up to one year in accordance with the requirements governing the transfer of state-owned assets of enterprise in the PRC. The Company will enter into a formal Equity Transfer Agreement with the Successful Bidder following completion of the public listing-for-sale process.

The potential bidders shall pay an amount equivalent to no greater than 30% of the minimum consideration for the Potential Disposal to a designated account as security deposit. Any security deposit paid by the Successful Bidder shall be deemed to be part payment of the final consideration for the Potential Disposal. The full amount of the security deposit shall be returned to the other bidders within 3 Working Days after the identity of the Successful Bidder is confirmed by TPRE.

**Conditions Precedent to the Potential Disposal**

The Potential Disposal is conditional upon the satisfaction and/or waiver (as applicable) of the following conditions precedent:

(i) the Company having completed all filing procedures and obtained all necessary consents and approvals regarding the Potential Disposal including the approval by the Shareholders in respect of the Proposed Mandate at the EGM; and

(ii) the Successful Bidder having all necessary internal approval and regulatory approval from the relevant authorities for the transfer of the subject equity interest if required.

As at the date of this Announcement, none of the above conditions has been fulfilled.

Once the Successful Bidder for the Potential Disposal has been identified, the Company is unconditionally obliged under the rules of the TPRE to enter into the Equity Transfer Agreement with the Successful Bidder and shall, subject to the fulfilment of the conditions precedent and the payment of the consideration by the Successful Bidder, complete the transaction contemplated thereunder.

The Company has consulted TPRE regarding the requirements and tendering procedures applicable to the Potential Disposal, and TPRE indicated that a tender conditional on shareholders' approval will not be acceptable under the rules of TPRE. Given such restriction, the Company would not be able to conduct the Potential Disposal through public listing-for-sale process on the TPRE unless a prior mandate is sought.

**Repayment of Borrowing Obligations**

The Company and the Target Company have agreed that the Target Company shall fully repay the Company's borrowing obligations (being approximately RMB137.3 million owed by the Target Company to the Company as at 31 December 2023), including principal and interests, within one year from the date of which the necessary registration procedures of change of shareholders with the relevant business authorities in accordance with the terms of the Equity Transfer Agreement have been completed and with financial assistance from the Successful Bidder.

The Successful Bidder will undertake to provide effective assistance to the Target Company in repaying the borrowing obligations to the Company. The assistance may include, but is not limited to, providing its own funds to the Target Company and coordinating with third parties to provide funding to the Target Company.

Upon the complete repayment of all borrowing obligations by the Target Company, the Company shall proceed with the deregistration of the pledge on assets conducted by the Target Company for borrowing credit enhancement.

**Liability for default**

If the Successful Bidder fails to pay the remaining transaction amount other than security deposit on time in accordance with the terms of the Equity Transfer Agreement, it shall pay liquidated damages to the Company based on the unpaid balance payable and four times the loan prime rate; if the Successful Bidder is overdue for more than 30 days, the Company has the right to deduct the security deposit paid by the Successful Bidder and to terminate the Equity Transfer Agreement.

## VALUATION

The Valuer has considered three generally accepted approaches to obtain the market value of the entire shareholders' equity in the Target Company in performing the valuation, namely the market approach, the income approach and the asset-based approach.

After considering each of the three approaches, the Valuer considered that: (i) the market approach is not appropriate due to the lack of sufficient suitable direct market comparables; (ii) the income approach is not appropriate as in the past, the Target Company suffered losses for many years, and was temporarily profitable due to the epidemic prevention and control policy. After the policy change on pandemic prevention and control, the disinfection and testing business of the Class A inspection warehouse with high gross profit margin stopped, and at the same time, the regional market competition became more intense, which led to a sharp decline in business volume and profit margin. The income approach will make a major judgment on the estimation of income and cost, thus further increases the inherent uncertainties and risks in any projections derived for the purpose of the income approach; and (iii) the asset-based approach to be the most appropriate valuation methodology as the major assets owned by the Target

Company are non-current assets, including cold storage and land, which are the major assets for its business operation and the asset-based approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. According to the audited financial statements of the Target Company in 2023, the amount of fixed assets and land account for 90% and 70% of its non-current assets and total assets of the Target Company respectively, that is, the main assets owned by the Target Company are fixed assets and land.

In view of the above, in particular: (i) the Target Company has suffered losses for many years in the past years, although it has made short-term profits, but due to policy factors and fierce market competition, forecasts of income and cost are also inaccurate, led to the significant risks and uncertainties for evaluation value and cannot objectively and reasonably reflect the value of the Target Company, makes it inappropriate to adopt the income approach; (ii) the lack of sufficient comparable transactions makes it inappropriate to adopt the market approach; and (iii) the asset-intensive nature of the Target Company makes it appropriate to adopt the asset-based approach, so the Valuer conclude that the asset-based approach is the most appropriate method for valuing the entire shareholders' equity of the Target Company.

According to the Valuation Report, the Target Company is appraised by the asset-based approach and the income approach, and the results of asset-based approach is approximately RMB155,205,000, and the results of income approach is approximately RMB94,800,000. The Valuer considers that the results of asset-based approach reflect the fair market value of the Target Company more objectively and so the results of asset-based approach are adopted.

Given that the Valuer is required under applicable PRC laws and regulations to conduct the valuation of the Target Company using at least two valuation approaches. Thus, apart from the asset-based approach, the Valuer also chose the income approach as an alternative valuation method despite that the asset-based approach was finally adopted. Further, the preparation of the Valuation Report is not based on commercial consideration but in order to comply with the applicable PRC laws and regulations, the Board had not considered any projection of earnings or profit forecast contained in the valuation report to determine the Initial Minimum Consideration for the Potential Disposal.

**Considering the evaluation value of profit forecast using income approach cannot objectively and reasonably reflect the value of the Target Company, the Board did not consider the profit forecast and the evaluation results based on income approach when considering Potential Disposal.**

Based on the Valuation Report, set out below is the summary table of asset evaluation results and the detailed evaluation using the asset-based approach:

| Item | Book Value | Appraised Value | Appreciation | Appreciation Percentage |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *%* |
| | A | B | C=B-A | D=C/A×100 |
| Current assets | 94,975 | 94,957 | -18 | -0.02 |
| Non-current assets | 240,737 | 256,869 | 16,132 | 6.70 |
| Include: | | | | |
| Fixed assets | 195,368 | 204,300 | 8,932 | 4.57 |
| Construction in progress | 390 | 390 | — | — |
| Intangible assets | 44,222 | 52,179 | 7,957 | 17.99 |
| Long-term deferred expenses | 757 | — | -757 | -100.00 |
| **Total assets** | **335,712** | **351,826** | **16,115** | **4.80** |
| Current liabilities | 195,596 | 194,714 | -882 | -0.45 |
| Non-current liabilities | 7,629 | 1,907 | -5,722 | -75.00 |
| **Total liabilities** | **203,225** | **196,621** | **-6,604** | **-3.25** |
| **Net assets** | **132,486** | **155,205** | **22,719** | **17.15** |

The book value of net assets of the Target Company is approximately RMB132,486,000 and the appraised value is approximately RMB155,205,000, representing a value-added rate of approximately 17.15%. The variance between the appraised value and book value of the Target Company is mainly due to the appreciation of appraised value of fixed assets and the intangible assets (especially the land).

The book value of fixed assets is approximately RMB195,368,000 and the appraised value of fixed assets is approximately RMB204,300,000, and the value increase is RMB8,932,000. The main reasons for the appreciation of appraised value of fixed assets is that the economic service life adopted in the Valuation Report is longer than the depreciation life accrued by the Target Company, resulting in the appraised value being higher than the book value.

The book value of intangible assets is approximately RMB44,222,000 and the appraised value of intangible assets is approximately RMB52,179,000, and the value increase is RMB7,957,000. The appreciation of appraised value of intangible assets was mainly due to the increase of the land price for the land use rights.

The assessment conclusion of the Valuation Report is that based on the below assessment assumptions applicable to both the valuations under the asset-based approach and income approach. When the above assessment assumptions change, the assessment conclusion of the Valuation Report will be invalid:

Basic Assumptions

1. Open market assumption: Open market assumption is a hypothetical statement or restriction on the conditions of the market which the assets are intended to enter and what impact is to be accepted by the assets under such market conditions. Open market assumption assumes that there are well-developed and perfect market conditions with willing buyer and willing seller, both of which are in equal position and have opportunities and time in obtaining sufficient market information to, without any forced conditions or limitation, take voluntary and rational action in respect of the transaction.

2. Continuing use assumption: Continuing use assumption first assumes that the appraised assets (including assets currently being employed and reserved assets) are being used and, based on the relevant data and information, will continue to be employed. Continuing use assumption describes the market conditions or environment for the appraised entity and particularly describes the entity's status of continuance. Specifically, it includes continuing to be used as the existing usage; continuing to be used with a change of usage; continuing to be used at a different location or space. Continuing to be used as existing usage refers to the case when the appraised asset will continue to be used according to the existing usage purpose and manner after change in the property rights or related business. Continuing to be used with a change of usage refers to the case when the appraised asset will continue to be used with a change of the existing usage purpose being replaced by a new usage purpose after change in property rights or related business. Continuing to be used at a different location or space refers to the case when the appraised asset in use will continue to be used with a change of location or space and continue to be used at another location or space after change in property rights or related business. We assume continuing to be used as the existing usage is applied for the use of assets in this valuation.

3. Continuing operation assumption: It is assumed that the appraised entity will not cease operation for any reason in the foreseeable future, but will continue to operate lawfully, with its existing assets and resources.

4. Transactional assumption: Transactional assumption is to assume that all the appraised assets are already in the course of transaction and the valuer carries out the valuation based on a simulated market with reference to the conditions of the trade of the appraised assets. The transactional assumption is one of the most fundamental assumptions for the performance of asset valuation.

General Assumptions

1. There are no significant changes in the relevant prevailing laws, regulations and policies of the PRC, no significant changes in the macro-economic conditions of the PRC and no significant changes in the political, economic and social environment in the regions where the parties to the transaction are located.

2. It is assumed that the operators of the Target Company are responsible, and its management is able to perform its duties.

3. Unless otherwise stated, it is assumed that the Target Company fully complies with all relevant laws and regulations.

4. It is assumed that the accounting policies adopted in the future by the Target Company are in all material aspects generally consistent with the accounting policies adopted in the compilation of this report.

5. It is assumed that, on the basis of the existing management approach and standard of the Target Company, the business scope and approach in the future are in line with the current direction.

6. There are no material changes in the interest rates, exchanges rates, taxation benchmark and rates, policy levy, etc.

7. There are no other force majeure or unforeseeable factors that may give rise to material adverse impact on the enterprise.

8. The structure of principal operations and products, the composition of income and cost, sales strategy and cost control of the appraised enterprise in the future operating period shall remain substantially unchanged in recent years, without taking into account any profit or loss brought by changes in asset size and composition, principal operations and products structure arising from changes in management team, operation strategy and business environment.

9. In this appraisal, save as otherwise specified, the effect of any security and guarantee over the value of shareholders' entire interests or underlying assets of the Target Company on the assessment conclusion has not been taken into consideration.

10. It is assumed that the basic information and financial information provided by the principal and the Target Company are true, accurate and complete; the scope of the valuation is subject to the application form for valuation provided by the principal and the Target Company, without taking into account the contingent assets and contingent liabilities, if any, not included in the list provided by the principal and the Target Company;

11. The Target Company's accounts receivable in future years will be gradually recovered over the period agreed in contracts, and there will be no major bad debts on accounts receivable in the future.

12. The main technical personnel, research and development team, marketing team and management of the Target Company are relatively stable and will not undergo major changes.

13. The contracts, agreements and bid awards provided by the Target Company that are being performed or not yet performed will materialize in the future and no substantial changes will be made thereto.

14. The Target Company will balance its cash flows over the forecast period (being the middle of the period).

<u>Special assumptions</u>

15. In terms of the legal description or legal issues of the appraised assets (including their ownership or encumbrance limitations) in the Valuation Report, the Company has performed general investigation according to relevant standards. Apart from those disclosed in the Valuation Report, the ownership of the appraised assets is assumed to be in good condition and tradable in the market, not subject to any lien and easement, have not been violated and bearing no other encumbrances.

16. In terms of the information provided by the principal and other parties which all or part of the assessment conclusion set out in the Valuation Report relied upon, the Company has only conducted independent review pursuant to the valuation procedures. The Company makes no representation as to the authenticity and accuracy of such information.

17. All certificates, licenses, letters of consent or other legal or administrative authorization documents signed or issued by relevant local and national government institutions, private organisations or groups, which are required to be employed as basis of value estimation by the users of assets in the Valuation Report, have been or could be obtained or updated at any time.

18. The valuations are made based on the purchasing power of local currency on the appraisal reference date.

19. All improvements on the relevant assets performed by the Target Company are in line with all the requirements of relevant laws and the regulations related to other laws, plans, or engineering codes set by relevant competent departments at higher levels.

20. Estimations in the Valuation Report are made based on the assumption that all significant or potential factors which may affect the value analysis have been disclosed to the Company by the Target Company.

## PROFIT FORECASTS UNDER THE VALUATION REPORT

According to the Valuation Report dated 31 May 2024 issued by the Valuer, the Valuer used the income approach as one of the evaluation approach, which applied the discounted cash flow method and based on certain assumptions in the valuation to appraise the value of the Target Company, constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules and the requirements of Rule 19.60A of the GEM Listing Rules are therefore applicable.

HLB Hodgson Impey Cheng Limited, the auditor of the Company, has reviewed the arithmetical accuracy of the calculations of the relevant income approach projections of the valuation (without involving a review of the adoption of accounting policies and the appropriateness and validity of assumptions). The Board confirmed that the profit forecasts for the equity interests in Target Company used in the Valuation Report have been made after due and careful enquiry.

The letter on profit forecast issued by HLB Hodgson Impey Cheng Limited under the Rules 19.60A(2) of the GEM Listing Rules and the letter on profit forecast issued by the Board under the Rule 19.60A(3) of the GEM Listing Rules are set out in Appendices I and II to this announcement, respectively.

The qualifications of the expert who has given opinions in this announcement, are as follows:

| Name | Qualification | Dates of Opinion |
|---|---|---|
| HLB Hodgson Impey Cheng Limited | Certified Public Accountant in Hong Kong | 31 July 2024 |

As at the date of this announcement, the aforesaid expert was not interested in the share capital of any member of the Group nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate others to subscribe for any securities in any member of the Group.

As at the date of this announcement, the aforesaid expert has given and has not withdrawn its consent to the issue of this announcement with the inclusion herein of its letter and reference to its name and letter, where applicable, in the form and context in which it appears.

## INFORMATION ON VARIOUS PARTIES

### The Target Company

Tedahang Cold Chain Logistics Co., Ltd. is a limited liability company incorporated in the PRC and is principally engaged in the carrying out the cold warehouse operating and logistic services.

Set out below is certain audited financial information of the Target Company (prepared in accordance with the generally accepted accounting principles in Hong Kong) for the years ended 31 December 2022 and 2023:

| | **As at 31 December 2022** | **As at 31 December 2023** |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Net assets | 113,586 | 131,483 |

| | **For the year ended** | |
|---|---|---|
| | **31 December 2022** | **31 December 2023** |
| | *RMB'000* | *RMB'000* |
| Profits before taxation | 30,347 | 17,897 |
| Profits after taxation | 30,347 | 17,897 |

According to the Valuation Report, the appraised net assets of the Target Company as at 31 December 2023 was RMB155,205,000.

**The Company**

The Group is principally engaged in logistics and supply chain services for finished automobiles and components, logistics and supply chain services for electronic components, materials procurement and related logistics services, cold chain logistics services and other services such as bonded warehouse, container yard, supervision, agency and transportation services.

Set out below is certain audited financial information of the Group, based on its audited financial statements for the years ended 31 December 2022 and 2023:

| | **As at 31 December 2022** | **As at 31 December 2023** |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Net assets | 1,000,005 | 991,276 |

| | **For the year ended** | |
|---|---|---|
| | **31 December 2022** | **31 December 2023** |
| | *RMB'000* | *RMB'000* |
| Profits before taxation | 80,795 | 40,979 |
| Profits after taxation | 59,680 | 36,346 |

## REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

It has been one of the Company's business development strategies to further optimise the industrial structure of the Company, improve operational quality and efficiency and enhance the efficiency of the assets and resources of the Company. The Directors believe that the Potential Disposal may allow the Company to realise its investment in Target Company and further apply its resources for maintaining and developing the existing main businesses of the Group.

The Target Company has experienced persistent operational losses from 2011 to 2019 and continues to carry significant debt obligations. As of 31 December 2023, the total liability of the Target Company was approximately RMB203,230,000, which includes debts owed to the Company of approximately RMB137.3 million, of which RMB94,449,000 are borrowings and charged with interest at 6.5% per annum and the remaining balances are interest-free. The Company has provided the borrowings to the Target Company since 2016, and as of the date of this announcement, the Target Company has not fully repaid the outstanding borrowings. The Potential Disposal accordingly offers a good opportunity for the Group to recover the outstanding debts owed by the Target Company. The Board is of the view that the Potential Disposal is conducive to enhancing the Group's performance, revitalising the stock assets and improving the corporate assets and liabilities structure and efficiency of asset operation.

Furthermore, the cold chain logistics services of the Group have been conducted through its joint ventures and its principal businesses also include supply chain and logistics services for finished automobiles and components, supply chain and logistics services for electronic components, materials procurement and related logistics services, and bonded warehouse services, container yard service and other services such as supervision, agency, and transportation services. The cold chain logistics services business of the Group recorded loss over many years and a decline in profit margin in the past three years, mainly due to the influence of the policy change on pandemic prevention and control, the disinfection and testing business of the Class A inspection warehouse with high gross profit margin stopped, and the regional market competition became more intense. Accordingly, the Board is of the view that it is an appropriate time to dispose of its cold chain logistics services business conducted through joint ventures. It is expected that the Potential Disposal will generate no less than RMB93.1 million in cash for the Group to achieve the purposes of reducing its debts, facilitating reinvestments and enabling distributions. Following the completion of the Potential Disposal, the Group intends to leverage its competitive strengths, reinforce its other existing businesses, enhance long-term profitability and achieve long-term capital growth.

Based on the factors above, the Directors are of the view that the terms of the Equity Transfer Agreement and the Potential Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will continue to focus on its other existing businesses. As at the date of this announcement and except for its cold chain logistics services business, the Company has no current intention to downsize, cease, sell and/or dispose of its other existing businesses although it will periodically review the performance and prospects of its businesses and the appropriate deployment/allocation of resources available to the Group to its businesses.

## FINANCIAL EFFECT OF THE POTENTIAL DISPOSAL AND USE OF PROCEEDS

Upon completion of the Potential Disposal, the Company will not hold any equity interest in the Target Company and the Target Company will cease to be a joint venture of the Company.

It is estimated that an unaudited gain of approximately RMB23,392,000 will arise from the Potential Disposal. Such estimated unaudited gain is calculated with reference to (i) the Initial Minimum Consideration for the Potential Disposal of approximately RMB93,123,000; (ii) the audited carrying value of the Group' interest in the Target Company of approximately RMB68,231,000 as at 31 December 2023; and (iii) all relevant expenses and taxes incidental to the Potential Disposal of approximately RMB1,500,000. Shareholders shall note that the above estimation is for information purpose only, the actual amount of gain will depend on the final bid price as at completion of the Potential Disposal, the carrying value of equity investment in the Target Company and other actual expenses, and therefore is subject to final audit.

The Company intends to apply approximately 75% of the proceeds from the Potential Disposal for the repayment of debts and the remaining proceeds for the general working capital of the Group.

## GEM LISTING RULES IMPLICATIONS

Based on the amount of the Initial Minimum Consideration, one or more applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Potential Disposal exceeds 75%. Therefore, the Potential Disposal is expected to constitute a very substantial disposal for the Company under the GEM Listing Rules and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## EGM AND SHAREHOLDERS' CIRCULAR

An EGM will be convened and held by the Company to seek the Shareholders' approval for the Equity Transfer Agreement and the Potential Disposal.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Equity Transfer Agreement and the Potential Disposal contemplated thereunder and no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the EGM.

A circular containing, among other things, (i) further details of the Equity Transfer Agreement; (ii) the financial information of the Target Company; (iii) the unaudited pro forma financial information of the Company; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 21 August 2024.

**The terms of the Public Tender have yet to be finalised and therefore may be subject to further changes. In addition, as the Potential Disposal may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in compliance with the GEM Listing Rules as and when appropriate or required.**

## DEFINITIONS

Unless the context otherwise requires, the following terms used in this announcement shall have the following meanings:

| | |
|---|---|
| "Board" | the board of the Directors |
| "Company" | Tianjin Binhai Teda Logistics (Group) Corporation Limited* (天津濱海泰達物流集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and whose H Shares are listed on the GEM (Stock code: 8348) |
| "connected person(s)" | has the meaning ascribed to it in the GEM Listing Rules |
| "Director(s)" | the director(s) of the Company |
| "EGM" | the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and approve, if thought fit, the Equity Transfer Agreement and the Potential Disposal |
| "Equity Transfer Agreement" | the equity transfer agreement to be entered into between the Company and the Successful Bidder in respect of the Potential Disposal |
| "Final Consideration" | the transaction price of the 60% equity interest of the Target Company |
| "GEM Listing Rules" | the Rules Governing the Listing of Securities on the GEM of the Stock Exchange |
| "Group" | the Company and its subsidiaries |
| "HK$" | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |

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|---|---|
| "Initial Minimum Consideration" | being the minimum bid price and listing price of RMB93,123,000 |
| "Mandate Period" | the period of 12-month from the date of passing of the relevant resolution(s) approving the Proposed Mandate and the Potential Disposal at the EGM |
| "Potential Disposal" | the Potential Disposal of 60% equity interest in the Target Company by Public Tender |
| "PRC" | the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan |
| "Proposed Mandate" | a general mandate proposed to be granted in advance by the Shareholders at the EGM to the Directors to enter into and complete the Potential Disposal through Public Tender during the Mandate Period |
| "Public Tender" | the public listing-for-sale process for the Potential Disposal through TPRE |
| "Publication Period" | the publication period (including the pre-tender period and the formal tender period) for the Public Tender during which qualified bidders may indicate their intention to purchase the 60% equity interest in the Target Company and register themselves as interested bidders |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Successful Bidder" | the ultimate transferee of the Public Tender who shall satisfy the qualifications of potential bidders set out in this announcement |
| "Target Company" | Tedahang Cold Chain Logistics Co., Ltd. (泰達行(天津)冷鏈物流有限公司), a company incorporated in the PRC and a joint venture of the Group |
| "TPRE" | the Tianjin Property Rights Exchange (天津產權交易中心) |
| "Valuation Report" | the valuation report of the Target Company prepared by the Valuer, using the asset-based approach with 31 December 2023 as the appraisal reference date |

| | |
|---|---|
| "Valuer" | Guozhonglian Asset Appraisal Land Real Estate Appraisal Co., Ltd.* (國眾聯資產評估土地房地產估價股份有限公司), an independent valuer in the PRC |
| "Working Day(s)" | a day of days other than Saturday or Sunday, on which banks are open in the PRC to general public for business |
| "%" | per cent |

* *For identification purpose only*

*Certain amounts and percentage figures in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and charts may not be an arithmetic aggregation of the figures preceding them.*

By order of the Board
**天津濱海泰達物流集團股份有限公司**
**Tianjin Binhai Teda Logistics (Group) Corporation Limited***
**Yang Weihong**
*Chairman*

Hong Kong, 31 July 2024

*As at the date of this announcement, the Board comprises Mr. Yang Weihong and Ms. Ma Xin as executive Directors; Mr. Li Jian, Ms. Meng Jun and Ms. Sun Jing as non-executive Directors; and Prof. Cheng Xinsheng, Mr. He Yongjun, Prof. Japhet Sebastian Law and Mr. Peng Zuowen as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this announcement or any statement herein misleading.*

*This announcement will remain on the "Latest Listed Company Announcements" page of the Stock Exchange's website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.tbtl.cn.*

## APPENDIX I — REPORT FROM HLB HODGSON IMPEY CHENG LIMITED REGARDING PROFIT FORECAST

The following is the text of a report received from the auditor of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

31 July 2024

The Board of Directors
Tianjin Binhai Teda Logistics (Group) Corporation Limited
No. 39, Bohai Road,
Technological and Economic Development Area,
Tianjin,
The People's Republic of China

Dear Sirs,

**Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company")**

**Report on the calculations of discounted future estimated cash flows in connection with the valuation of equity interest in the Tedahang Cold Chain Logistics Co., Ltd.**

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Guozhonglian Asset Appraisal Land Real Estate Appraisal Co., Ltd* 國眾聯資產評估土地房地產估價股份有限公司dated 31 May 2024 in respect of equity interest in Tedahang Cold Chain Logistics Co., Ltd. (the "**Target Company**") as at 31 December 2023 (the "**Valuation**") is based. The Valuation prepared in connection with the Target Company is set out in the Company's announcement dated 31 July 2024 (the "**Announcement**").The Valuation which is based on the discounted future estimated cash flows are regarded as profit forecasts under Rule 19.60A of the Rules Governing the Listing of GEM Securities on The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

**Directors' Responsibilities**

The directors of the Company are solely responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the Directors and set out in the Announcement (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1 "*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 19.60A(2) of the GEM Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *"Assurance Engagements Other Than Audits or Reviews of Historical Financial Information"* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether the discounted future estimated cash flow, so far as the calculations are concerned, have been properly compiled in accordance with the Assumption. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Company. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

**Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

* *For identification purpose only*

Yours faithfully,
**HLB Hodgson Impey Cheng Limited**
*Certified Public Accountants*
Hong Kong

The following is the text of the letter dated 31 July 2024 from the Board which was prepared for inclusion in this announcement.

To:
Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square, 8 Connaught Place, Central,
Hong Kong

Dear Sir/Madam,

Company: Tianjin Binhai Teda Logistics (Group) Corporation Limited* (the "Company")

Re: Profit Forecast — Confirmation Letter required by Rule 19.60A of the Rules Governing the Listing of GEM Securities on The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

Reference is made to the announcement of the Company dated 31 July 2024 on the proposed mandate in relation to the potential very substantial disposal through public tender, which mentioned the valuation report (the "Valuation Report") of Tedahang Cold Chain Logistics Co., Ltd. (the "Target Company") prepared by Guozhonglian Asset Appraisal Land Real Estate Appraisal Co., Ltd. (the "Valuer") by using the asset-based approach and the income approach with 31 December 2023 as the appraisal reference date. The Company was informed that although the Valuer did not adopt the results of income approach in the Valuation Report, the income approach in the Valuation Report was compiled according to the discounted cash flow method and constituted a profit forecast according to Rule 19.60A of the GEM Listing Rules.

The Board has reviewed the Valuation Report and discussed the basis and assumptions of the valuation with the Valuer. The Board has also considered the report issued by the auditor of the Company, HLB Hodgson Impey Cheng Limited (the "Auditor") on 31 July 2024, regarding whether the discounted cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions set out in the Valuation Report. The Company understands that the discounted cash flows do not involve the adoption of accounting policy.

In accordance with the requirements of Rule 19.60A of the GEM Listing Rules, the Board confirmed that the profit forecast used in the above Valuation Report was formulated after due and careful enquiry.

This letter is for the sole purpose of Rule 19.60A of the GEM Listing Rules and for no other purpose. The Company accepts no responsibility to any other person in respect of, arising out of or in connection with this letter.

Yours faithfully
On behalf of the Board
**Tianjin Binhai Teda Logistics (Group) Corporation Limited***
**Yang Weihong**
*Chairman*

31 July 2024