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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tianjin Port Development Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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MAJOR AND CONTINUING CONNECTED TRANSACTIONS RENEWAL OF THE EXISTING FINANCIAL SERVICES FRAMEWORK AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 4 to 21 of this circular. A letter from the Independent Board Committee is set out on pages 22 to 23 of this circular. A letter from China Sunrise, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 24 to 46 of this circular.

A notice convening the EGM to be held at 24th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong on Wednesday, 31 July 2024 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM (or any adjournment thereof) is also enclosed.

Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

Hong Kong, 24 June 2024

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions 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;
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on Wednesday, 31 July 2024 at 3:00 p.m. for the purpose of considering and, if thought fit, approving, among other things, the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps;
“Exempt Continuing Connected Transactions”	the transactions in relation to Other Financial Services (categories (3) to (6) of the financial services referred to in the sub-section headed “ <i>Nature of services</i> ” under the section headed “ <i>New Financial Services Framework Agreement — (b) Principal terms</i> ” in this circular) contemplated under the New Financial Services Framework Agreement, which is more particularly described and shall have the same meaning ascribed to it in the announcement of the Company dated 30 April 2024;
“Exempt Proposed Annual Cap(s)”	the proposed annual cap(s) for the fees and charges of the Exempt Continuing Connected Transactions to be paid by the Group to Tianjin Port Finance for the three years ending 31 December 2027, which is more particularly described and shall have the same meaning ascribed to it in the announcement of the Company dated 30 April 2024;
“Existing Financial Services Framework Agreement”	a framework agreement dated 28 September 2021 entered into between the Company, Tianjin Port Finance and Tianjin Port Group in relation to the provision of financial services by Tianjin Port Finance to members of the Group;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors;
“Independent Financial Adviser” or “China Sunrise”	China Sunrise Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps;
“Independent Shareholder(s)”	Shareholder(s), other than Tianjin Port Group and its associates;
“Latest Practicable Date”	18 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Financial Services Framework Agreement”	a framework agreement dated 30 April 2024 entered into between the Company, Tianjin Port Finance and Tianjin Port Group in relation to the provision of financial services by Tianjin Port Finance to members of the Group;
“NFRA”	National Financial Regulation Administration;
“Non-exempt Continuing Connected Transactions”	the transactions in relation to deposit services (category (1) of the financial services referred to in the sub-section headed “ <i>Nature of services</i> ” under the section headed “ <i>New Financial Services Framework Agreement - (b) Principal terms</i> ” in this circular) contemplated under the New Financial Services Framework Agreement;
“Proposed Annual Cap(s)”	the proposed annual cap(s) for the Non-exempt Continuing Connected Transactions on the maximum daily outstanding balance of deposits (including accrued interest) to be placed by the Group with Tianjin Port Finance (which does not include deposits for the purpose of extending entrustment loans referred to in the sub-section headed “ <i>Nature of services</i> ” under the section headed “ <i>New Financial Services Framework Agreement - (b) Principal terms</i> ” in this circular) for the three years ending 31 December 2027;

DEFINITIONS

“Other Financial Services”	shall have the meaning ascribed to it in the sub-section headed “ <i>Nature of services</i> ” under the section headed “ <i>New Financial Services Framework Agreement — (b) Principal terms</i> ” in this circular;
“PBOC”	People’s Bank of China;
“PRC” or “China”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjin Port Finance”	天津港財務有限公司 (Tianjin Port Finance Co., Ltd.*), a limited liability company incorporated in the PRC, a 45.826% owned associate of the Group and a 54.174% owned non wholly-owned subsidiary of Tianjin Port Group as at the Latest Practicable Date;
“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 the Latest Practicable Date;
“Transaction(s)”	the transactions contemplated under the New Financial Services Framework Agreement; and
“%”	per cent.

* For identification purposes only

Unless otherwise stated, in the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

LETTER FROM THE BOARD



天津港發展控股有限公司
Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03382)

Executive Directors:

CHU Bin (*Chairman*)

LUO Xunjie (*Managing Director*)

TENG Fei

SUN Bin

LOU Zhanshan

YANG Zhengliang

Registered Office:

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PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

Principal Place of Business in Hong Kong:

Suite 3904-3907, 39/F.

Tower Two, Times Square

1 Matheson Street

Causeway Bay, Hong Kong

Independent Non-executive Directors:

Japhet Sebastian LAW

ZHANG Weidong

LUO Laura Ying

24 June 2024

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF THE EXISTING FINANCIAL SERVICES
FRAMEWORK AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 30 April 2024 in relation to the renewal of the Existing Financial Services Framework Agreement. Pursuant to the requirements under the Listing Rules, the Company will seek the Independent Shareholders' approval in relation to the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps.

The purpose of this circular is to provide you with, among other things:-

- (a) details of the terms of the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps;

LETTER FROM THE BOARD

- (b) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps;
- (c) a letter of advice from the China Sunrise to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps; and
- (d) a notice of the EGM.

NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

(a) Background

Reference is made to the announcement of the Company dated 28 September 2021 where it was announced, among other things, that the Company entered into the Existing Financial Services Framework Agreement with Tianjin Port Finance and Tianjin Port Group.

As the Existing Financial Services Framework Agreement will expire on 31 December 2024, on 30 April 2024, the Company entered into the New Financial Services Framework Agreement with Tianjin Port Finance and Tianjin Port Group to continue the Transactions.

(b) Principal terms

Date : 30 April 2024

Parties : (1) the Company (as services recipient)
(2) Tianjin Port Finance (as services provider)
(3) Tianjin Port Group (as guarantor to Tianjin Port Finance)

Term : 1 January 2025 to 31 December 2027 (both days inclusive)

Condition Precedent:

The New Financial Services Framework Agreement is conditional upon each party, pursuant to the relevant provisions of its articles of association, constitutional documents or similar documents, and the applicable listing rules respectively, having obtained the respective requisite authorisations or approvals, including but not limited to the approvals as required in accordance with the applicable listing rules, from the board of directors, shareholders and/or independent shareholders.

LETTER FROM THE BOARD

Nature of services:

Provision of financial services by Tianjin Port Finance to members of the Group, including:

- (1) deposit services;
- (2) provision of loans (excluding entrustment loans referred to in category (5) below);
- (3) notes acceptance and discounting services;
- (4) settlement services;
- (5) arrangement of entrustment loans between members of the Group, whereby Tianjin Port Finance serves as a financial agency through which funds of any member of the Group are channeled for use by other members of the Group; and
- (6) non-financial guarantees, financial advisory services and other advisory services (together with the services (3) to (5) above, collectively, “**Other Financial Services**”).

Pursuant to the New Financial Services Framework Agreement, the Group is not under any obligation to utilise the financial services provided by Tianjin Port Finance, and has the right to decide whether to maintain its collaboration with Tianjin Port Finance with respect to financial services.

Fees and charges:

The terms and conditions on which Tianjin Port Finance provides services to the members of the Group shall be no less favourable than those as provided to the Group by other major state-owned commercial banks in the PRC for the services of similar nature during the same period, and pursuant to the New Financial Services Framework Agreement, fees and charges by Tianjin Port Finance shall be determined in accordance with the following bases:

(1) deposit services:

Interest rates for deposits placed by members of the Group must not be lower than (i) the relevant benchmark interest rates for deposits (存款基準利率) set by PBOC; and (ii) the interest rates provided by other major state-owned commercial banks in the PRC for deposits of similar nature during the same period;

(2) provision of loans:

Interest rates of loan provided by Tianjin Port Finance to the members of the Group must not be higher than the interest rates charged by other major state-owned commercial banks in the PRC for borrowings of similar nature during the same period;

LETTER FROM THE BOARD

(3) notes acceptance and discounting services:

Both fees charged for notes acceptance and discounting services and the interest rates for discounting services must not be higher than the fees for notes acceptance and discounting services and interest rates for discounting services charged by other major state-owned commercial banks in the PRC for providing services of similar nature during the same period;

(4) settlement services:

Fees charged for settlement services must not be higher than (i) the relevant benchmark charging fee set by PBOC (if applicable); and (ii) the fees charged by other major state-owned commercial banks in the PRC for providing services of similar nature during the same period;

(5) arrangement of entrustment loans:

Fees charged for the services for entrustment loans must not be higher than the fees charged by other major state-owned commercial banks in the PRC for providing services of similar nature during the same period; and

(6) non-financial guarantees, financial advisory services and other advisory services:

Fees charged for these services must not be higher than (i) the relevant benchmark charging fees set by PBOC (if applicable); and (ii) the fees charged by other major state-owned commercial banks in the PRC for providing services of similar nature during the same period.

Other provisions:

In relation to the funds deposited by the Group with Tianjin Port Finance, when Tianjin Port Finance is not lending such funds to members of the Tianjin Port Group, Tianjin Port Finance can only deposit such funds with PBOC or other commercial banks in the PRC with similar ratings.

In the event that Tianjin Port Finance misuses or defaults on the deposits placed by the Group with Tianjin Port Finance, which renders the Group unable to withdraw such deposits (including accrued interest), such member of the Group will then have the right to set-off such deposits (including accrued interest) against the outstanding loans (including accrued interest) advanced by Tianjin Port Finance to the such member of the Group. If Tianjin Port Finance is subject to penalties from the regulatory authorities in accordance with relevant laws and regulations resulting in losses to the Group, the Group has the right to take legal measures for recourse and Tianjin Port Finance shall compensate the Group in full in accordance with the judicial adjudication. However, for the loans advanced by Tianjin Port Finance to any member of the Group, if such member of the Group defaults and thus fails to punctually repay the loans extended by Tianjin Port Finance, Tianjin Port Finance has no right to offset such outstanding loans against the deposits placed by other non-defaulting members of the Group, notwithstanding that Tianjin Port Finance may pursue the liability for breaching of contracts by the relevant defaulting member(s) of the Group in accordance with the provisions of the relevant loan agreement(s) and applicable laws.

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Termination:

The Company may unilaterally terminate the New Financial Services Framework Agreement if:

- (1) any of the following events, which expose or may potentially expose the Group to substantial risks or losses, occurs:
 - breach or potential breach of any PRC laws and regulations by Tianjin Port Finance;
 - Tianjin Port Finance experiences or foresees to experience any major operational problems or liquidity difficulties;
 - non-performance of any terms or default of the New Financial Services Framework Agreement by Tianjin Port Finance; or
- (2) the performance of its obligations by the Company and/or the Group under the New Financial Services Framework Agreement will result in a breach or possible breach of laws and regulations (including the Listing Rules).

Undertakings by Tianjin Port Group:

As part of the New Financial Services Framework Agreement, Tianjin Port Group undertakes to the Company, among other things, that:

- (1) Tianjin Port Group has issued a letter of commitment to NFRA that it will inject capital to Tianjin Port Finance when necessary. If it is unable to provide capital support, it will not prevent other investors from implementing reasonable plans to invest in Tianjin Port Finance. It will not withdraw capital investment when Tianjin Port Finance experiences liquidity difficulties and will provide liquidity support as far as possible; and
- (2) Tianjin Port Group undertakes and warrants that for all the substantial risks or losses (including but not limited to the Group's deposits, interests and related expenses incurred) caused or potentially caused by (i) Tianjin Port Finance's breaches or potential breaches of PRC laws and regulations, or by (ii) the occurrence or potential occurrence of any major operational problems or liquidity difficulty experienced by Tianjin Port Finance, or by (iii) non-performance of any terms or default of the New Financial Services Framework Agreement by Tianjin Port Finance, Tianjin Port Finance will immediately make full compensation to the Group in accordance with the judicial adjudication, and that Tianjin Port Group undertakes and guarantees that it will be jointly liable for such compensation.

LETTER FROM THE BOARD

Internal control and risk management measures:

In order to safeguard the interests of the Company and the Shareholders, the New Financial Services Framework Agreement has stipulated the following internal control and risk management measures:

- (1) Tianjin Port Finance shall ensure the secure operation of its fund management information system, which has passed all the security tests for the bank-enterprise direct connection interface with other commercial banks, and adopts the digital certificates authentication mode to ensure the security of the Group's funds;
- (2) Tianjin Port Finance guarantees that it will strictly comply with and operate in accordance with the requirements of the "Finance Company Management Measures for Group Enterprise"* (《企業集團財務公司管理辦法》) issued by the NFRA, and its gearing, liquidity and other ratios should comply with the requirements specified by NFRA and other PRC laws and regulations as amended from time to time;
- (3) Tianjin Port Finance shall at all times monitor its credit risks. If (i) any specific situation that may affect the security of the deposits placed by the Group with Tianjin Port Finance arises, or (ii) any other circumstances that may cause serious concern to such deposits occur, Tianjin Port Finance shall give written notice to the Company and the Group within two business days after the occurrence of such situations or circumstances, and to take measures to avoid or contain any losses. Upon receiving the notification, the Group has the right to withdraw its deposits (including the accrued interest) forthwith, or if it is unable to do so, each of the member(s) of the Group may lawfully set off the deposits (including accrued interest) placed by such member of the Group with Tianjin Port Finance against the outstanding loans (including accrued interest) extended by Tianjin Port Finance to such member of the Group;
- (4) during the term of the New Financial Services Framework Agreement, Tianjin Port Finance shall provide the Company with a report before 10:00 a.m. on every business day on the amount of deposits and loans of the Group (the "Report"). The Report will be reviewed, on a daily basis, by the Company to monitor the average daily amount of deposits (including accrued interest) placed by the Group and the average daily amount of outstanding loans extended by Tianjin Port Finance to the Group;
- (5) during the term of the New Financial Services Framework Agreement, Tianjin Port Finance shall provide the Company on the fifth business day of every month with its financial statements and other returns submitted by Tianjin Port Finance to the NFRA in the immediately preceding month;

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- (6) during the term of the New Financial Services Framework Agreement, Tianjin Port Finance shall provide the Company with a copy of every regulatory report within three business days after its submission of the same to the NFRA; and
- (7) during the term of the New Financial Services Framework Agreement, Tianjin Port Finance shall implement all measures in relation to risk control.

In addition, the fund management information system of Tianjin Port Finance allows real-time monitoring of the actual balance of the deposits (including accrued interest) placed by the Group with Tianjin Port Finance, therefore Tianjin Port Finance can assist the Company to ensure that the actual daily balance of such deposits does not exceed the Proposed Annual Caps. If the deposits placed by the Group with Tianjin Port Finance are close to exceeding the Proposed Annual Caps, Tianjin Port Finance will inform the Company in a timely manner.

Further to the internal control and risk management measures that have been stipulated in the New Financial Services Framework Agreement, the Group has implemented below measures as its internal control and risk management procedures:

- (a) in order to ensure the terms and conditions on which Tianjin Port Finance provides services to members of the Group shall be no less favourable than those as provided to the Group by other major state-owned commercial banks in the PRC for the services of similar nature during the same period, members of the Group have to conduct a price comparison before entering into any transactions stipulated under the New Financial Services Framework Agreement. For fixed deposit services, members of the Group will conduct the price comparison by obtaining (i) the relevant benchmark interest rates for deposits (存款基準利率) set by PBOC; and (ii) at least two interest rates offered by other major state-owned commercial banks in the PRC for deposits of similar nature during the same period;
- (b) the management of the Company will be responsible for reviewing the relevant reports provided by Tianjin Port Finance and reporting to the Board the compliance by Tianjin Port Finance of the terms of the New Financial Services Framework Agreement;
- (c) the audit committee of the Company, which comprises all the independent non-executive Directors, will monitor and review the continuing connected transactions under the relevant agreements of the Group every year to ensure that the Transactions are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements;
- (d) the auditors of the Company will conduct annual review on the continuing connected transactions under such agreements pursuant to the requirements under the Listing Rules.

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(c) Non-exempt Continuing Connected Transactions

Historical figures and the Proposed Annual Caps

Set out below are (i) the historical maximum daily outstanding balance of the deposits (including accrued interest) placed by the Group with Tianjin Port Finance (deposit services: category (1) of the financial services referred to above) for the three years ended 31 December 2023 and three months ended 31 March 2024 and (ii) the Proposed Annual Caps:

Historical figures and historical annual caps				Proposed Annual Caps		
<i>(RMB in million)</i>				<i>(RMB in million)</i>		
For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2023	For the three months ended 31 March 2024	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
3,472 (2021 cap: 8,000)	3,631 (2022 cap: 8,000)	3,259 (2023 cap: 8,000)	3,282 (2024 cap: 8,000)	8,000	8,000	8,000

During the period between 1 January 2024 and 17 June 2024 (the day before the Latest Practicable Date), the maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with Tianjin Port Finance was approximately RMB3,415 million.

Basis of the Proposed Annual Caps

The Proposed Annual Caps are determined after considering the following factors:

- (1) cash and deposits of the Group (excluding restricted bank deposits) as at 31 December 2021, 31 December 2022 and 31 December 2023 of approximately HK\$9.00 billion, HK\$7.95 billion and HK\$6.41 billion respectively;
- (2) the Proposed Annual Caps represent approximately 108.8%, 112.6% and 137.7% of the cash and deposits (excluding restricted bank deposits) of the Group as at 31 December 2021, 31 December 2022 and 31 December 2023 respectively;
- (3) the anticipated growth of business of the Group, with reference to the growth rate of 8.1%, 3.0% and 5.2% in China's gross domestic product (GDP) in 2021, 2022 and 2023 respectively;
- (4) the scale of operation of the Group is expected to remain stable for the next three years with a steady operating cash inflow. Net cash inflow generated from operating activities of the Group for the three years ended 31 December 2021, 2022 and 2023 amounted to approximately HK\$3.53 billion, HK\$3.09 billion and HK\$2.85 billion respectively;

LETTER FROM THE BOARD

- (5) the utilisation of settlement platform provided by Tianjin Port Finance is expected to increase. The Group uses the settlement platform provided by Tianjin Port Finance for the settlement of income and expenditure (including drawdown and repayment of borrowings from Tianjin Port Finance) during the ordinary and usual course of business among the members of Tianjin Port Group, which can shorten the time for transit and turnaround, reduce fund transfer frequency and increase fund management efficiency. The maximum daily outstanding balances of deposits remaining the same can meet the daily needs for receipts and payments, enhance flexibility and ensure smooth settlement. When a smaller amount of funds is required for settlement, the outstanding balances of deposits will also change accordingly;
- (6) the treasury requirements of the Group as a whole (including management of surplus cash, funding requirements for capital expenditures and repayment of borrowings) taking into account the settlement trend of the Group's business partners to ensure the financial stability and maintain stable gearing ratios, with reference to the Group's gearing ratio (ratio of total borrowings to total equity) of approximately 18.8% as at 31 December 2023; and
- (7) Tianjin Port Finance is under the supervision of the NFRA with stringent internal control and risk management measures.

(d) Reasons for and benefits of entering into the Transactions

Given that the Group holds in aggregate 45.826% of the shareholding interest in Tianjin Port Finance, the reasons and benefits for the Group to use the services of Tianjin Port Finance include, but are not limited to: (i) formulating a deposit mix between Tianjin Port Finance and other commercial banks in the PRC, while at the same time retaining sufficient working capital flexibility; (ii) enhancing cost savings by reducing the amount of finance fees and charges payable to other commercial banks in the PRC as the terms offered by Tianjin Port Finance to the Group are no less favorable than those offered by other commercial banks in the PRC; and (iii) sharing profits of Tianjin Port Finance attributable to the Group in accordance with shareholding interests in Tianjin Port Finance. It is expected that Tianjin Port Finance, being an affiliate company of the Group, will be placed in a better position to serve the financial needs of the Group as it has a better understanding of the operation and development needs of the Group. Accordingly, it is envisaged that Tianjin Port Finance will be more efficient in terms of processing transactions for the Group than other commercial banks in the PRC.

As a financial services provider of the Group, the risk profile faced by Tianjin Port Finance is no higher than that of other commercial banks in the PRC, whereas there are numerous advantages of utilising the financial services provided by Tianjin Port Finance over similar services provided by other commercial banks in the PRC (as disclosed below):

- similar to other commercial banks in the PRC, Tianjin Port Finance is regulated by the PBOC and the NFRA, and it is required to provide services pursuant to the relevant rules, regulations and requirements including capital risk guidelines and requisite capital adequacy ratios as stipulated or promulgated by such regulatory authorities from time to time. In particular, Tianjin Port Finance follows a more stringent capital adequacy ratio policy than that is required of finance companies by the NFRA;

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- Tianjin Port Finance has implemented stringent internal control and risk management measures, the efficiency and effectiveness of which are regularly reviewed by the NFRA. Furthermore, Tianjin Port Finance will allow the Company to inspect its books and accounts upon the Company's request;
- pursuant to its articles of association, Tianjin Port Finance operates independently and is responsible for its own financial performance. When Tianjin Port Finance provides financial services to members of Tianjin Port Group, it will exercise its own judgement and prudent approval process in determining whether to provide particular financial services to these members. Due to the implementation of stringent credit control measures, Tianjin Port Finance has not had any bad debt since its establishment in 2006 and has not defaulted on any of its credit obligations;
- pursuant to the letter of commitment issued by Tianjin Port Group to NFRA, Tianjin Port Group will supplement capital to Tianjin Port Finance when necessary. If it does not have capacity to supplement, it will not prevent other investors from adopting reasonable plans to invest in Tianjin Port Finance; it will not withdraw capital when Tianjin Port Finance experiences any liquidity difficulties and will provide liquidity support as much as possible; and
- the risk of the Group is minimised by each of the following: (i) Tianjin Port Group's undertakings to the Group; (ii) the right to set off given to the members of the Group; and (iii) in relation to the deposits placed by the Company with Tianjin Port Finance, when Tianjin Port Finance is not lending such funds to each member of the Tianjin Port Group, Tianjin Port Finance can only deposit such funds with PBOC or other commercial banks in the PRC with similar ratings.

The advantages of utilising the financial services provided by Tianjin Port Finance over similar services provided by other commercial banks in the PRC are as follows:

- PRC laws do not permit companies, including affiliate companies, to arrange intra-group loans directly without going through a financial intermediary. Tianjin Port Finance serves as the financial intermediary through which the funds of the members of the Group can be deposited with Tianjin Port Finance and channeled efficiently to other members for use;
- as an intra-group service provider, Tianjin Port Finance can generally communicate with and understand the Group better and more effectively than other commercial banks in the PRC. For example, by coordinating and arranging between members of the Group having surplus deposits and members who are borrowers, services provided can be enhanced in terms of cost and efficiency;
- Tianjin Port Finance offers interest rates that are no less favourable than those available to the Group from other major state-owned commercial banks in the PRC;
- Tianjin Port Finance can assist the Group to formulate a beneficial deposit mix comprising different types of deposits such as current deposits, call deposits and fixed deposits, thereby enabling the Group to increase its return on funds and retain sufficient working capital flexibility;

LETTER FROM THE BOARD

- fees and charges generated from utilisation of Tianjin Port Finance's services will be credited to Tianjin Port Finance instead of other commercial banks in the PRC, which allows the Group to benefit financially. The Group holds 45.826% shareholding interest in Tianjin Port Finance and will share the profits of Tianjin Port Finance accordingly;
- as Tianjin Port Finance is familiar with the business and transaction mode of the Group, Tianjin Port Finance can provide a more effective and orderly settlement services platform than other commercial banks in the PRC. This also helps to reduce the transaction costs of the Group such as handling fees and other administrative expenses related to transfer of funds;
- discounting of notes by Tianjin Port Finance provides the Group's customers with flexibility in payment terms and allows the Group to accelerate the collection of sales proceeds. Upon discounting of the notes, the Group may receive the sales proceeds as if the sale were a cash sale. This arrangement helps to efficiently reduce the accounts receivable balance of the Group, thereby accelerating its fund flow; and
- when there is credit squeeze in the PRC, it is generally more difficult or costly to obtain loans from other commercial banks in the PRC, whereas Tianjin Port Finance can provide an additional financing platform to the Group which can reduce the impact of the credit squeeze to the Group.

FINANCIAL EFFECTS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company anticipates that interest income to be earned from Tianjin Port Finance will be affected by the level of deposits and interest rates. As the interest rates for the deposit services offered by Tianjin Port Finance are no less favourable than the relevant benchmark rates set by PBOC and those offered by other major state-owned commercial banks in the PRC for deposits of similar nature during the same period, the Non-exempt Continuing Connected Transactions are not expected to have material impact on the Group's earnings, assets and liabilities.

INFORMATION ON THE TIANJIN PORT FINANCE

(a) Business Scope

Tianjin Port Finance is a non-bank financial institution with limited liability established under PRC law on 9 December 2006 with the approval of the China Banking and Insurance Regulatory Commission (subsequently renamed to NFRA). Its total registered and paid-up capital is RMB1,150 million. The principal business of Tianjin Port Finance is the provision of financial services to the members of Tianjin Port Group but not to other parties. The business activities of Tianjin Port Finance are regulated and supervised by the PBOC and the NFRA and its approved major business scope comprises deposit taking, loan services, entrusted loans services, non-financial guarantees, notes acceptance and discounting services, provision of fund settlement as well as collection and payment services, provision of financial advisory services, credit verification and related consultancy agency services and fixed income securities investment activities.

LETTER FROM THE BOARD

(b) Financial Information

According to the audited financial statements of Tianjin Port Finance prepared under the China Accounting Standards for Business Enterprises, a summary of the financial information of Tianjin Port Finance for the two years ended 31 December 2022 and 2023 are set out below:

	For the year ending 31 December	
	2023 <i>RMB million</i> <i>(audited)</i>	2022 <i>RMB million</i> <i>(audited)</i>
Profit after taxation	<u>198</u>	<u>210</u>

	As at 31 December	
	2023 <i>RMB million</i> <i>(audited)</i>	2022 <i>RMB million</i> <i>(audited)</i>
Total assets	<u>12,118</u>	<u>10,675</u>
Total liabilities	<u>9,370</u>	<u>7,974</u>

(c) Internal Control and Risk Management Measures

Tianjin Port Finance has implemented stringent internal control and risk management measures through its various committees and departments with clearly defined roles and responsibilities, as well as clear reporting lines in order to form an effective check and balance mechanism.

The following is a summary of the various committees and departments and their respective key roles and responsibilities in the internal control and risk management functions of Tianjin Port Finance:

(1) *Supervisory Board*

- inspecting books and records of Tianjin Port Finance and raising enquiries;
- supervising the directors, management and staff in their compliance with laws and internal policies and requesting any non-compliance be rectified;
- examining financial reports; and
- supervising, inspecting and auditing the major policy initiatives when required.

LETTER FROM THE BOARD

(2) *Board Committees*

- Monitoring the mid-to-long-term development strategies/policies of Tianjin Port Finance;
- monitoring the effectiveness of Tianjin Port Finance's risk management strategies and policies;
- monitoring the quality of investments made as well as their risks and benefits, and examining investment proposals; and
- supervising the performance and implementation of internal audit work.

(3) *Credit Review Committee*

- setting credit limits to be extended to customers, being members of Tianjin Port Group;
- considering/reviewing applications of various types of loans and non-financial guarantees and providing credit ratings on the loans extended; and
- providing comments if there are any major problem areas such as doubtful loans, high risk credit business and asset protection issues.

(4) *Business and Operations Department*

- carrying out inspection, approval and other procedures necessary in extending loans, entrustment loans and secured loans, and carrying out statistical and other related work; and
- performing evaluation of credit risks and assignment of credit ratings to the loans extended, in order to control the credit risk and ensure the recoverability of the loans.

(5) *Settlement and Finance Department*

- monitoring financial performance and budgetary control of Tianjin Port Finance;
- drafting and implementing various accounting guidelines and policies; and
- preparing and submitting relevant financial returns to various regulatory authorities.

(6) *Compliance Department*

- organising and building the internal control system;
- reviewing the compliance of business contracts and policies;

LETTER FROM THE BOARD

- reporting the status of the compliance work report (on regular and irregular basis) to senior management; and
- carrying out training programs on compliance.

(7) *Risk Management Department*

- developing necessary risk management policies and procedures in light of the development of Tianjin Port Finance, and checking whether they are complete and able to cover all aspects of the business processes;
- checking whether the risk management policies and procedures are designed reasonably, and whether they can effectively control the risks of various businesses and departments;
- establishing effective assessment and monitoring measures for the risk management policies and procedures;
- reporting the status of the risk management (on regular and irregular basis) to senior management and risk management committee; and
- carrying out training programs on risk management.

(8) *Information Technology Department*

- implementing risk management strategies appropriate for all aspects of the information system; and
- drafting and implementing rules and usage guidelines in relation to information technology.

(9) *Internal Audit Department*

- assessing the accuracy and reliability of financial reports and accounting records;
- reviewing Tianjin Port Finance's internal control procedures for their existence and effectiveness; and
- monitoring the approval procedures for approving and extending loans.

LETTER FROM THE BOARD

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 principal business of Tianjin Port Finance is the provision of financial services to the members of Tianjin Port Group but not to other parties.

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.

LISTING RULES IMPLICATIONS

Tianjin Port Group is the controlling shareholder of the Company indirectly interested in 53.5% of the issued share capital of the Company. Tianjin Port Finance is a subsidiary of Tianjin Port Group. Hence, Tianjin Port Group and Tianjin Port Finance are both connected persons of the Company as defined in the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As provision of loans to the Group by Tianjin Port Finance (category (2) of the financial services referred to in the sub-section headed “*Nature of services*” under the section headed “*New Financial Services Framework Agreement — (b) Principal terms*” of this circular) constitutes financial assistance received by the Group from a connected person, but the transactions in relation to the loans to be obtained by the Group as contemplated under the New Financial Services Framework Agreement will not be secured by the assets of the Group and are on normal commercial terms, accordingly, such transactions are exempt from the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders’ approval requirements under Rule 14A.90 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Exempt Proposed Annual Caps are more than 0.1% but all of the applicable percentage ratios are less than 5%, hence the Exempt Continuing Connected Transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Annual Caps are 25% or more, in addition to constituting continuing connected transactions of the Company, the Non-exempt Continuing Connected Transactions also constitute major transactions of the Company under Chapter 14 of the Listing Rules. Accordingly, the Non-exempt Continuing Connected Transactions are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules, and the relevant major transaction requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps. China Sunrise has also been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this connection.

The EGM will be convened and held by the Company for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps. As Tianjin Port Group is a controlling shareholder of the Company and is materially interested in the Non-exempt Continuing Connected Transactions, Tianjin Port Group and its associates, together holding 3,294,530,000 Shares which represent 53.5% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting in respect of such resolution.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholders are required to abstain from voting on the ordinary resolution to be proposed at the EGM.

None of the Directors had a material interest in the Transactions. In view of good corporate governance practices, Chu Bin, Luo Xunjie and Sun Bin, the Directors who are also directors and/or senior management of Tianjin Port Group, abstained from voting in the relevant Board resolutions in relation to the transactions with Tianjin Port Group and/or its associates.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at 24th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong on Wednesday, 31 July 2024 at 3:00 p.m. at which ordinary resolution will be proposed for the approval by the Independent Shareholders of the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps, is set out on pages EGM-1 to EGM-2 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be proposed at the EGM (as set out in the notice of EGM) will be voted by way of a poll. An announcement on the results of the poll will be made by the Company after the EGM in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

The register of members of the Company will be closed from Friday, 26 July 2024 to Wednesday, 31 July 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 25 July 2024.

LETTER FROM THE BOARD

Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps set out on pages 22 to 23 of this circular; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps set out on pages 24 to 46 of this circular.

In the section headed "Letter from the Independent Board Committee" of this circular, the Independent Board Committee stated that having considered the terms and conditions of the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the advice of the Independent Financial Adviser, the Independent Board Committee considers that Non-exempt Continuing Connected Transactions are in the ordinary and usual course of business of the Group, and are on normal commercial terms, and the terms are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps.

The Directors are of the view that the New Financial Services Framework Agreement and the Transactions are in the ordinary and usual course of business of the Group, and on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and the Proposed Annual Caps are fair and reasonable. Accordingly, the Directors (including members of the Independent Board Committee having considered the advice from the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices I and II to this circular.

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

* *For identification purposes only*



天津港發展控股有限公司
Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03382)

24 June 2024

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF THE EXISTING FINANCIAL SERVICES
FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 24 June 2024 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular shall have the same meaning herein unless the context requires otherwise.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to advise the Independent Shareholders as to whether the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

China Sunrise has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps. The text of the letter of advice from China Sunrise to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 46 of the Circular.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 21 of the Circular.

Having considered the terms and conditions of the New Financial Service Framework Agreement and the Non-exempt Continuing Connected Transactions, and the advice of China Sunrise, we consider that Non-exempt Continuing Connected Transactions are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps.

Yours faithfully,

For and on behalf of the Independent Board Committee

Japhet Sebastian Law
*Independent Non-executive
Director*

Zhang Weidong
*Independent Non-executive
Director*

Luo Laura Ying
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set Out below is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps, which has been prepared for the purpose of inclusion in this circular.



CHINA SUNRISE CAPITAL LIMITED

Unit 4513, 45th Floor

The Center

99 Queen's Road Central

Hong Kong

24 June 2024

*To: The Independent Board Committee and the Independent Shareholders of
Tianjin Port Development Holdings Limited*

Dear Sirs,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS RENEWAL OF THE EXISTING FINANCIAL SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 24 June 2024 (the “**Circular**”), of which this letter (the “**Letter**”) forms part. Capitalised terms used in this Letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the Existing Financial Services Framework Agreement will expire on 31 December 2024, on 30 April 2024, the Company entered into the New Financial Services Framework Agreement with Tianjin Port Finance and Tianjin Port Group to continue the Transactions.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Tianjin Port Group is the controlling shareholder indirectly interested in 53.5% of the issued share capital of the Company. Tianjin Port Finance is a subsidiary of Tianjin Port Group. Hence, Tianjin Port Group and Tianjin Port Finance are both connected persons of the Company as defined in the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Annual Caps are 25% or more, in addition to constituting continuing connected transactions of the Company, the Non-exempt Continuing Connected Transactions also constitute major transactions of the Company under Chapter 14 of the Listing Rules. Accordingly, the Non-exempt Continuing Connected Transactions are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and the relevant major transaction requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held by the Company for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps. As Tianjin Port Group is a controlling shareholder of the Company and is materially interested in the Non-exempt Continuing Connected Transactions, Tianjin Port Group and its associates, together holding 3,294,530,000 Shares which represent 53.5% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting in respect of such resolution.

None of the Directors had a material interest in the Transactions. In view of good corporate governance practices, Chu Bin, Luo Xunjie and Sun Bin, the Directors who are also directors and/or senior management of Tianjin Port Group, abstained from voting in the relevant Board resolutions in relation to the transactions with Tianjin Port Group and/or its associates.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Professor Japhet Sebastian Law, Mr. Zhang Weidong and Ms. Luo Laura Ying, has been established by the Company to advise the Independent Shareholders as to:

- (a) whether the entering into of the New Financial Services Framework Agreement and the Non-exempt Continuing Connected Transactions is in the ordinary and usual course of business of the Group;
- (b) whether the terms of the New Financial Services Framework Agreement are on normal commercial terms and are fair and reasonable;
- (c) whether the Non-exempt Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole;
- (d) whether the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned; and
- (e) the voting in the relevant Board resolutions in relation to the Non-exempt Continuing Connected Transactions at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We, China Sunrise Capital Limited (“**China Sunrise**”), have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

INDEPENDENCE OF CHINA SUNRISE

During the past two years immediately prior to the Latest Practicable Date, we were appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of certain non-exempt continuing connected transactions in connection with (i) the revision of the annual caps for the 2020 non-exempt framework agreements (including the 2020 procurement framework agreement, the 2020 property and assets lease framework and the 2020 integrated services framework agreement) to the relevant proposed revised 2023 annual caps; and (ii) the entering into of the 2023 non-exempt framework agreements (including the 2023 procurement framework agreement, the 2023 property lease (right-of-use assets) framework agreement and the 2023 integrated services framework agreement), details of which are set out in the circular of the Company dated 13 November 2023 (the “**Past Appointment**”). The Past Appointment was completed and independent to our current appointment. We are of the view that the Past Appointment would not render our current appointment becoming not independent based on the fact that the Past Appointment and the current appointment in connection with the Non-exempt Continuing Connected Transactions are two different sets of continuing connected transactions which are different in nature and our professional fees in connection with the Past Appointment have been fully settled and we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we do not consider the Past Appointment gives rise to any conflict of interest for China Sunrise in respect of the New Financial Services Framework Agreement.

Save for the Past Appointment and the appointment as the Independent Financial Adviser to provide our independent advice on the Non-exempt Continuing Connected Transactions, as at the Latest Practicable Date, China Sunrise did not have any other relationship or connection, financial or otherwise, with or any interests in the Company, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates that could reasonably be regarded as relevant to our independence. In the last two years, save for the Past Appointment and the appointment as the Independent Financial Adviser in connection with the Non-exempt Continuing Connected Transactions, there was no engagement between the Group and China Sunrise.

Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Group, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Non-exempt Continuing Connected Transactions under Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our advice, we have relied on the truth, accuracy and completeness of the statements, information, facts, representations and opinions contained or referred to in this Circular, provided and made to us by the Directors and the management of the Group (collectively, the “**Management**”), the Company, and its advisers. We have reviewed, amongst other things:

- (i) the New Financial Services Framework Agreement;
- (ii) the Existing Financial Services Framework Agreement;
- (iii) the Company’s annual report for the financial year ended 31 December (“**FY**”) 2023 (the “**2023 Annual Report**”);
- (iv) the Company’s interim report for the six months ended 30 June 2023 (the “**2023 Interim Report**”);
- (v) the announcement of the Company dated 30 April 2024 in relation to the entering of the New Financial Services Framework Agreement; and
- (vi) other information, representations and opinions as contained or referred to in this Circular and those provided by the Management, the Company and its advisers.

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 Circular 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 any statement in this Circular or this Circular misleading. We have also sought and received confirmation from the Directors that no material information or facts have been omitted from the information and facts provided to us and the representations made and opinions expressed by them are not misleading or deceptive in any material respect. We have no reason to suspect that any material information or facts have been omitted or withheld nor to doubt the truth, accuracy or completeness of the information and facts contained in this Circular or provided to us, or the reasonableness of the opinions expressed by the Management, the Company, and its advisers, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for us to formulate our advice as set out in this Letter. We have assumed that all statements, information, facts, representations and opinions contained or referred to in this Circular and/or those provided to us by the Management, the Company and its advisers, for which they are solely and wholly responsible, have been reasonably made after due enquiries and careful consideration and are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so in all material respect up to the date of the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this Letter.

We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the businesses, affairs, operations, financial position or future prospects of the Group.

Our advice is necessarily based on the prevailing financial, economic, market and other conditions and the information made available to us as at the Latest Practicable Date. Where information in this Letter has been extracted from published or otherwise publicly available sources, the sole responsibility of ours is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not used out of context.

This Letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the matters relating to the Non-exempt Continuing Connected Transactions. Except for its inclusion in this Circular, this Letter is not to be quoted or referred to, in whole or in part, nor shall this Letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion and recommendations in respect of the Non-exempt Continuing Connected Transactions to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Information of the parties

The Group

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

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Tianjin Port Finance

The principal business of Tianjin Port Finance is the provision of financial services to the members of Tianjin Port Group but not to other parties.

Tianjin Port Finance is a non-bank financial institution with limited liability established under PRC law on 9 December 2006 with the approval of China Banking and Insurance Regulatory Commission (subsequently renamed to NFRA). Its total registered and paid-up capital is RMB1,150 million. The business activities of Tianjin Port Finance are regulated and supervised by the PBOC and the NFRA and its approved major business scope comprises deposit taking, loan services, entrusted loans services, non-financial guarantees, notes acceptance and discounting services, provision of fund settlement as well as collection and payment services, provision of financial advisory services, credit verification and related consultancy agency services, and fixed income securities investment activities.

According to the audited financial statements of Tianjin Port Finance prepared under the China Accounting Standards for Business Enterprises, a summary of the financial information of Tianjin Port Finance for FY2022 and FY2023 are set out below:

Table 1: Highlights of the financial information of Tianjin Port Finance

	Audited	
	FY2023	FY2022
	<i>(RMB in million)</i>	<i>(RMB in million)</i>
Profit after taxation	198	210

	Audited	
	As at 31 December	
	2023	2022
	<i>(RMB in million)</i>	<i>(RMB in million)</i>
Total assets	12,118	10,675
Total liabilities	9,370	7,974

Source: Letter from the Board

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for and benefits of entering into the Transactions

As stated in the Letter from the Board, given that the Group holds in aggregate 45.826% of the shareholding interest in Tianjin Port Finance, the reasons and benefits for the Group to use the services of Tianjin Port Finance include, but are not limited to: (i) the formulating a deposit mix between Tianjin Port Finance and other commercial banks in the PRC, while at the same time retaining sufficient working capital flexibility; (ii) enhancing cost savings by reducing the amount of finance fees and charges payable to other commercial banks in the PRC as the terms offered by Tianjin Port Finance to the Group are no less favorable than those offered by other commercial banks in the PRC; and (iii) sharing profits of Tianjin Port Finance attributable to the Group in accordance with shareholding interests in Tianjin Port Finance. It is expected that Tianjin Port Finance, being an affiliate company of the Group, will be placed in a better position to serve the financial needs of the Group as it has a better understanding of the operation and development needs of the Group. Accordingly, it is envisaged that Tianjin Port Finance will be more efficient in terms of processing transactions for the Group than other commercial banks in the PRC.

As a financial services provider of the Group, the risk profile faced by Tianjin Port Finance is no higher than that of other commercial banks in the PRC, whereas there are numerous advantages of utilising the financial services provided by Tianjin Port Finance over similar services provided by other commercial banks in the PRC (as disclosed below):

- (i) similar to other commercial banks in the PRC, Tianjin Port Finance is regulated by the PBOC and NFRA, and it is required to provide services pursuant to the relevant rules, regulations and requirements including capital risk guidelines and requisite capital adequacy ratios as stipulated or promulgated by such regulatory authorities from time to time. In particular, Tianjin Port Finance follows a more stringent capital adequacy ratio policy than that is required of finance companies by the NFRA;
- (ii) Tianjin Port Finance has implemented stringent internal control and risk management measures, the efficiency and effectiveness of which are regularly reviewed by the NFRA. Furthermore, Tianjin Port Finance will allow the Company to inspect its books and accounts upon the Company's request;
- (iii) pursuant to its articles of association, Tianjin Port Finance operates independently and is responsible for its own financial performance. When Tianjin Port Finance provides financial services to members of Tianjin Port Group, it will exercise its own judgement and prudent approval process in determining whether to provide particular financial services to these members. Due to the implementation of stringent credit control measures, Tianjin Port Finance has not had any bad debt since its establishment in 2006 and has not defaulted on any of its credit obligations;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) pursuant to the letter of commitment issued by Tianjin Port Group to NFRA, Tianjin Port Group will supplement capital to Tianjin Port Finance when necessary. If it does not have capacity to supplement, it will not prevent other investors from adopting reasonable plans to invest in Tianjin Port Finance; it will not withdraw capital when Tianjin Port Finance experiences any liquidity difficulties and will provide liquidity support as much as possible; and
- (v) the risk of the Group is minimised by each of the following: (a) Tianjin Port Group's undertakings to the Group; (b) the right to set off given to the member of the Group; and (c) in relation to the deposits placed by the Company with Tianjin Port Finance, when Tianjin Port Finance is not lending such funds to each member of the Tianjin Port Group, Tianjin Port Finance can only deposit such funds with PBOC or other commercial banks in the PRC with similar ratings.

Furthermore, as set out in the Letter from the Board, the advantages of utilising the financial services provided by Tianjin Port Finance over similar services provided by other commercial banks in the PRC are as follows:

- (i) PRC laws do not permit companies, including affiliates, to arrange intra-group loans directly without going through a financial intermediary. Tianjin Port Finance serves as the financial intermediary through which the funds of the members of the Group can be deposited with Tianjin Port Finance and channeled efficiently to other members for use;
- (ii) as an intra-group service provider, Tianjin Port Finance can generally communicate with and understand the Group better and more effectively than other commercial banks in the PRC. For example, by coordinating and arranging between members of the Group having surplus deposits and members who are borrowers, services provided can be enhanced in terms of cost and efficiency;
- (iii) Tianjin Port Finance offers interest rates that are no less favourable than those available to the Group from other major state-owned commercial banks in the PRC;
- (iv) Tianjin Port Finance can assist the Group to formulate a beneficial deposit mix comprising different types of deposits such as current deposits, call deposits and fixed deposits, thereby enabling the Group to increase its return on funds and retain sufficient working capital flexibility;
- (v) fees and charges generated from utilisation of Tianjin Port Finance's services will be credited to Tianjin Port Finance instead of other commercial banks in the PRC, which allows the Group to benefit financially. The Group holds 45.826% shareholding interest in Tianjin Port Finance and will share the profits of Tianjin Port Finance accordingly;

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- (vi) as Tianjin Port Finance is familiar with the business and transaction mode of the Group, Tianjin Port Finance can provide a more effective and orderly settlement services platform than other commercial banks in the PRC. This also helps to reduce the transaction costs of the Group such as handling fees and other administrative expenses related to transfer of funds;
- (vii) discounting of notes by Tianjin Port Finance provides the Group's customers with flexibility in payment terms and allows the Group to accelerate the collection of sales proceeds. Upon discounting of the notes, the Group may receive the sales proceeds as if the sale were a cash sale. This arrangement helps to efficiently reduce the accounts receivable balance of the Group, thereby accelerating its fund flow; and
- (viii) when there is credit squeeze in the PRC, it is generally more difficult or costly to obtain loans from other commercial banks in the PRC, whereas Tianjin Port Finance can provide an additional financing platform to the Group which can reduce the impact of the credit squeeze to the Group.

Based on the above and after considering, in particular, the following factors:

- (i) there will be a need for financial services such as placing deposits and obtaining financing for the Group during its operations. If the Group does not obtain the financial services from Tianjin Port Finance, it has to obtain such financial services from other commercial banks in the PRC;
- (ii) Tianjin Port Finance has been providing financial services to the Group in the past. As such, Tianjin Port Finance is familiar with the business and transaction patterns of the Group and has better and more efficient communication and understanding with the Group compared with other commercial banks in the PRC;
- (iii) we obtained and reviewed sample records of the utilisation of financial services by the Company provided by Tianjin Port Finance under the Existing Financial Services Framework Agreement and noted that Tianjin Port Finance offered interest rates that were no less favourable than the relevant benchmark rates set by the PBOC and those available to the Group from other major state-owned commercial banks in the PRC. As such, the Group was not subject to less favourable terms from obtaining financial services from Tianjin Port Finance; and
- (iv) the Group holds 45.826% shareholding interest in Tianjin Port Finance and the fees and charges generated from utilisation of Tianjin Port Finance's services will be credited to Tianjin Port Finance instead of other commercial banks in the PRC which, in turn, allows the Group to benefit financially by sharing the profits of Tianjin Port Finance.

We concur with the advantages of utilising the financial services provided by Tianjin Port Finance over similar services provided by other commercial banks in the PRC.

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3. The New Financial Services Framework Agreement

Principal terms

- Date** : 30 April 2024
- Parties** : (1) the Company (as services recipient)
(2) Tianjin Port Finance (as services provider)
(3) Tianjin Port Group (as guarantor to Tianjin Port Finance)
- Term** : 1 January 2025 to 31 December 2027 (both days inclusive)

Condition Precedent:

The New Financial Services Framework Agreement is conditional upon each party, pursuant to the relevant provisions of its articles of association, constitutional documents or similar documents, and the applicable listing rules respectively, having obtained the respective requisite authorisations or approvals, including but not limited to the approvals as required in accordance with the applicable listing rules, from the board of directors, shareholders and/or independent shareholders.

Nature of services:

Provision of financial services by Tianjin Port Finance to members of the Group, including:

- (1) deposit services;
- (2) provision of loans (excluding entrustment loans referred to in category (5) below);
- (3) notes acceptance and discounting services;
- (4) settlement services;
- (5) arrangement of entrustment loans between members of the Group, whereby Tianjin Port Finance serves as a financial agency through which funds of any member of the Group are channeled for use by other members of the Group; and
- (6) non-financial guarantees, financial advisory services and other advisory services (together with the services (3) to (5) above, collectively “**Other Financial Services**”).

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Pursuant to the New Financial Services Framework Agreement, the Group is not under any obligation to utilise the financial services provided by Tianjin Port Finance, and has the right to decide whether to maintain its collaboration with Tianjin Port Finance with respect to financial services.

Fees and charges:

The terms and conditions on which Tianjin Port Finance provides services to the members of the Group shall be no less favourable than those as provided to the Group by other major state-owned commercial banks in the PRC for the services of similar nature during the same period, and pursuant to the New Financial Services Framework Agreement, fees and charges by Tianjin Port Finance shall be determined in accordance with the following bases:

(1) deposit services:

Interest rates for deposits placed by members of the Group must not be lower than (i) the relevant benchmark interest rates for deposits (存款基準利率) set by PBOC; and (ii) the interest rates provided by other major state-owned commercial banks in the PRC for deposits of similar nature during the same period;

(2) provision of loans:

Interest rates of loan provided by Tianjin Port Finance to the members of the Group must not be higher than the interest rates charged by other major state-owned commercial banks in the PRC for borrowings of similar nature during the same period;

(3) notes acceptance and discounting services:

Both fees charged for notes acceptance and discounting services and the interest rates for discounting services must not be higher than the fees for notes acceptance and discounting services and interest rates for discounting services charged by other major state-owned commercial banks in the PRC for providing services of similar nature during the same period;

(4) settlement services:

Fees charged for settlement services must not be higher than (i) the relevant benchmark charging fee set by PBOC (if applicable); and (ii) the fees charged by other major state-owned commercial banks in the PRC for providing services of similar nature during the same period;

(5) arrangement of entrustment loans:

Fees charged for the services for entrustment loans must not be higher than the fees charged by other major state-owned commercial banks in the PRC for providing services of similar nature during the same period; and

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(6) *non-financial guarantees, financial advisory services and other advisory services:*

Fees charged for these services must not be higher than (i) the relevant benchmark charging fees set by PBOC (if applicable); and (ii) the fees charged by other major state-owned commercial banks in the PRC for providing services of similar nature during the same period.

Other provisions:

In relation to the funds deposited by the Group with Tianjin Port Finance, when Tianjin Port Finance is not lending such funds to members of Tianjin Port Group, Tianjin Port Finance can only deposit such funds with PBOC or other commercial banks in the PRC with similar ratings.

In the event that Tianjin Port Finance misuses or defaults on the deposits placed by the Group with Tianjin Port Finance, which renders the Group unable to withdraw such deposits (including accrued interest), such member of the Group will then have the right to set-off such deposits (including accrued interest) against the outstanding loans (including accrued interest) advanced by Tianjin Port Finance to the such member of the Group. If Tianjin Port Finance is subject to penalties from the regulatory authorities in accordance with relevant laws and regulations resulting in losses to the Group, the Group has the right to take legal measures for recourse and Tianjin Port Finance shall compensate the Group in full in accordance with the judicial adjudication. However, for the loans advanced by Tianjin Port Finance to any member of the Group, if such member of the Group defaults and thus fails to punctually repay the loans extended by Tianjin Port Finance, Tianjin Port Finance has no right to offset such outstanding loans against the deposits placed by other non-defaulting members of the Group, notwithstanding that Tianjin Port Finance may pursue the liability for breaching of contracts by the relevant defaulting member(s) of the Group in accordance with the provisions of the relevant loan agreement(s) and applicable laws.

Termination:

The Company may unilaterally terminate the New Financial Services Framework Agreement if:

- (1) any of the following events, which expose or may potentially expose the Group to substantial risks or losses, occurs:
 - breach or potential breach of any PRC laws and regulations by Tianjin Port Finance;
 - Tianjin Port Finance experiences or foresees to experience any major operational problems or liquidity difficulties;
 - non-performance of any terms or default of the New Financial Services Framework Agreement by Tianjin Port Finance; or

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- (2) the performance of its obligations by the Company and/or the Group under the New Financial Services Framework Agreement will result in a breach or possible breach of laws and regulations (including the Listing Rules).

Undertakings by Tianjin Port Group:

As part of the New Financial Services Framework Agreement, Tianjin Port Group undertakes to the Company, among other things, that:

- (1) Tianjin Port Group has issued a letter of commitment to NFRA that it will inject capital to Tianjin Port Finance when necessary. If it is unable to provide capital support, it will not prevent other investors from implementing reasonable plans to invest in Tianjin Port Finance. It will not withdraw capital investment when Tianjin Port Finance experiences liquidity difficulties and will provide liquidity support as far as possible; and
- (2) Tianjin Port Group undertakes and warrants that for all the substantial risks or losses (including but not limited to the Group's deposits, interests and related expenses incurred) caused or potentially caused by (i) Tianjin Port Finance's breaches or potential breaches of PRC laws and regulations, or by (ii) the occurrence or potential occurrence of any major operational problems or liquidity difficulty experienced by Tianjin Port Finance, or by (iii) non-performance of any terms or default of the New Financial Services Framework Agreement by Tianjin Port Finance, Tianjin Port Finance will immediately make full compensation to the Group in accordance with the judicial adjudication, and that Tianjin Port Group undertakes and guarantees that it will be jointly liable for such compensation.

Further details of the principal terms of the New Financial Services Framework Agreement, please refer to the section headed "NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT — (b) Principal terms" in the Letter from the Board.

Review of the principal terms

In connection with our independent due diligence work, we have conducted independent review working of the Group's internal control procedures carried out under the term of the Existing Financial Services Framework Agreement, details of which please refer to the section headed "4. Internal control and risk management measures" below.

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Historical amounts and the Proposed Annual Caps

As set out in the Letter from the Board, the table below sets out the historical maximum daily outstanding balance of the deposits (including accrued interest) placed by the Group with Tianjin Port Finance (deposit services: category (1) of the financial services referred to above as set out under the terms of the New Financial Services Framework Agreement) for FY2021, FY2022, FY2023 and three months (“3M”) ended 31 March 2024:

Table 2: The annual caps and the historical amounts for FY2021, FY2022, FY2023 and FY2024

	FY2021	FY2022	FY2023	FY2024
	<i>(RMB in million)</i>			
Historical transaction amounts	3,472	3,631	3,259	3,282 (up to 3M2024)
Approved annual caps	8,000	8,000	8,000	8,000
Percentage ratio of utilisation rate	43.4%	45.4%	40.7%	41.0% (up to 3M2024)

In terms of the respective percentage ratio of utilisation rate to the annual caps for FY2021, FY2022, FY2023 and FY2024, all of which are RMB8,000 million and the historical transaction amounts represented approximately 43.4%, 45.4%, 40.7% and 41.0% respectively. As stated in the Letter from the Board, during the period between 1 January 2024 and 17 June 2024 (the day before the Latest Practicable Date), the maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with Tianjin Port Finance was approximately RMB3,415 million.

As stated in the Letter from the Board, the table below sets out the Proposed Annual Caps in respect the maximum daily outstanding balance of the deposits (including accrued interest) placed by the Group with Tianjin Port Finance (deposit services: category (1) of the financial services referred to above as set out under the terms of the New Financial Services Framework Agreement) for FY2025, FY2026 and FY2027:

Table 3: The Proposed Annual Caps for FY2025, FY2026 and FY2027

	FY2025	FY2026	FY2027
	<i>(RMB in million)</i>		
Proposed Annual Caps	8,000	8,000	8,000

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Basis of the Proposed Annual Caps

As set out in the Letter from the Board, the Proposed Annual Caps are determined after considering the following factors:

- (1) cash and deposits of the Group (excluding restricted bank deposits) as at 31 December 2021, 31 December 2022 and 31 December 2023 of approximately HK\$9.00 billion, HK\$7.95 billion and HK\$6.41 billion respectively. We understand from the Management that such decreasing trend was mainly attributable to the repayment of bank borrowings during the years. The total borrowing amount of the Group dropped from approximately HK\$10.33 billion as at 31 December 2021 to approximately HK\$8.29 billion as at 31 December 2022 and was further reduced to approximately HK\$5.71 billion as at 31 December 2023;
- (2) the Proposed Annual Caps represent approximately 108.8%, 112.6% and 137.7% of the cash and deposits (excluding restricted bank deposits) of the Group as at 31 December 2021, 31 December 2022 and 31 December 2023 respectively;
- (3) the anticipated growth of business of the Group, with reference to the growth rate of 8.1%, 3.0% and 5.2% in China's gross domestic product (GDP) in 2021, 2022 and 2023 respectively;
- (4) the scale of operation of the Group is expected to remain stable for the next three years with a steady operating cash inflow. Net cash inflow generated from operating activities of the Group for the three years ended 31 December 2021, 2022 and 2023 amounted to approximately HK\$3.53 billion, HK\$3.09 billion and HK\$2.85 billion respectively;
- (5) the utilisation of settlement platform provided by Tianjin Port Finance is expected to increase. The Group uses the settlement platform provided by Tianjin Port Finance for the settlement of income and expenditure (including drawdown and repayment of borrowings from Tianjin Port Finance) during the ordinary and usual course of business among the members of Tianjin Port Group, which can shorten the time for transit and turnaround, reduce fund transfer frequency and increase fund management efficiency. The maximum daily outstanding balances of deposits remaining the same can meet the daily needs for receipts and payments, enhance flexibility and ensure smooth settlement. When a smaller amount of funds is required for settlement, the outstanding balances of deposits will also change accordingly;
- (6) the treasury requirements of the Group as a whole (including management of surplus cash, funding requirements for capital expenditures and repayment of borrowings) taking into account the settlement trend of the Group's business partners to ensure the financial stability and maintain stable gearing ratios, with reference to the Group's gearing ratio (ratio of total borrowings to total equity) of approximately 18.8% as at 31 December 2023; and

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- (7) Tianjin Port Finance is under the supervision of the NFRA with stringent internal control and risk management measures.

Assessment on the Proposed Annual Caps

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have considered the following:

PRC economy and the imports and exports of the PRC

Set out below is the gross domestic product (“GDP”) of the PRC since 2021 as extracted from the information published by the National Bureau of Statistics of the PRC:

Table 4: Historical change of GDP and total value of imports and exports of the PRC

	2021	2022	2023
Year-on-year (“YoY”)/period-to-period change of GDP (%)	8.4	3.0	5.2

Source: The National Bureau of Statistics of the PRC

YoY/period-to-period change of total RMB value of imports and exports (%)	20.2	7.6	0.2
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Source: The General Administration of Customs of the PRC

As noted from the above table, the GDP of the PRC recorded a YoY increase consistently of approximately 8.4%, 3.0% and 5.2% for 2021, 2022 and 2023, respectively. The total value of imports and exports of the PRC recorded a significant YoY hike of approximately 20.2% in 2021 after the intensive actions and effectively control of COVID-19 and a YoY increase of approximately 7.6% in 2022. In 2023, the total value of imports and exports of the PRC recorded a slight increase of approximately 0.2% as compared with the corresponding period in 2022.

In addition, with reference to the data from the Ministry of Transport of the PRC, cargo throughput handled by ports in PRC in 2023 was approximately 16.973 billion tonnes, representing a YoY increase of approximately 8.2%, whereas container throughput handled increased by approximately 4.9% YoY to 310.34 million twenty-foot equivalent units (“TEU(s)”).

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Stable growth of the Group's operations

(i) Non-containerised Cargo Handling Business

As stated in the 2023 Annual Report, the Group achieved total non-containerised cargo throughput of 237.8 million tonnes, representing a decrease of approximately 1.3% over FY2022, of which throughput of the subsidiary terminals decreased by approximately 2.2% and throughput of the jointly controlled and affiliated terminals increased by approximately 1.2%. During FY2023 on a consolidated basis, the blended unit price of the non-containerised cargo handling business was approximately HK\$30.1 per tonne as compared to HK\$29.9 per tonne, representing an increase of approximately 0.7% in HK\$ and 5.0% in RMB over the previous year respectively.

Based on the above, revenue from non-containerised cargo handling business was approximately HK\$5,302 million, representing a decrease of approximately 1.5% in HK\$ but an increase of 2.8% in RMB over the previous year, the increase of revenue in RMB was mainly due to the increase in the blended average unit price, but the depreciation of RMB resulted in a decrease of revenue in HK\$.

(ii) Container Handling Business

As stated in the 2023 Annual Report, during FY2023, there was a stable growth in the container handling business. The Group achieved a total container throughput of approximately 20.02 million TEUs, representing an increase of approximately 1.0% over last year, of which throughput of the subsidiary terminals increased by approximately 11.7% and throughput of the jointly controlled and affiliated terminals decreased by approximately 11.3%. On a consolidated basis, the blended average unit price of container handling business was approximately HK\$179.4 per TEU for FY2023 as compared to approximately HK\$189.3 per TEU for FY2022, representing a decrease of approximately 5.2% in HK\$ and a decrease of 1.0% in RMB over last year respectively.

Based on the above, the Revenue from container handling business was approximately HK\$2,116 million, representing an increase of approximately 5.9% in HK\$ and an increase of approximately 10.6% in RMB over the previous year respectively, which was mainly attributable to the increase in the throughput of container handling business.

(iii) Sales Business

The Group's sales business is mainly engaged in the supply of fuel and sales of materials. As stated in the 2023 Annual Report during FY2023, revenue from sales business was approximately HK\$3,471 million, representing an increase of approximately 16.5% in HK\$ and an increase of 21.7% in RMB over last year respectively, which was mainly due to the increase in the business volume of sales business.

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Supportive government policies for Tianjin

As stated in the 2023 Annual Report, the Group will proactively capture the opportunities brought by the policies such as coordinated development of Beijing-Tianjin-Hebei and integrated development of ports, industries and cities. It will look to involve deeply in the country's strategy to build the "Belt and Road". In addition, National Development and Reform Commission of the PRC and Ministry of Transport of the PRC released "Opinions on Accelerating the development of Tianjin Northern International Shipping Hub" which indicates that the government supports Tianjin to develop as an international shipping hub in Northern China and will support its high-quality development on a national basis.

Flexibility to the Group

It is noted from the historical figures that the historical maximum daily outstanding balance of the deposits (including accrued interest) placed by the Group with Tianjin Port Finance did not exceed RMB4 billion during FY2021, FY2022, FY2023 and 3M2024. As the annual caps under the Existing Financial Services Framework Agreement were not fully utilised, we have made enquiry to the Management and understand that it was mainly due to the fact that the average daily amount of outstandings loans extended by Tianjin Port Finance to the Group must exceed the average daily amount of deposits place by the Group with Tianjin Port Finance (calculated on a monthly basis) as stipulated under the Existing Financial Services Framework Agreement ("**Average Daily Amount Requirement**"). While the maximum daily amount of outstanding loans extended by Tianjin Port Finance to the Group during FY2021, FY2022, FY2023 and 3M2024 did not exceed RMB4 billion, the annual caps under the Existing Financial Services Framework Agreement were therefore not fully utilised, in particular, the maximum utilisation rate of the historical transaction amount has decreased from approximately 45.4% for FY2022 to approximately 40.7% for FY2023.

Removal of Average Daily Amount Requirement clause

We noted that the Average Daily Amount Requirement clause does not exist in the New Financial Services Framework Agreement. As stated in the Letter from the Board, the cash and deposits of the Group (excluding restricted bank deposits) amounted to approximately HK\$9.00 billion, HK\$7.95 billion and HK\$6.41 billion as at 31 December 2021, 31 December 2022 and 31 December 2023 respectively. At the same time, the historical maximum daily outstanding balance of the deposits (including accrued interest) placed by the Group with Tianjin Port Finance merely stood at approximately RMB3,472 million, RMB3,631 million and RMB3,259 million for FY2021, FY2022, FY2023 respectively, which as abovementioned, are mainly attributable to the compliance of the Average Daily Amount Requirement. The removal of the Average Daily Amount Requirement would therefore offer greater flexibility to the Group under the scenario where the Group is required to place more deposits with Tianjin Port Finance to a level exceeding the average daily amount of outstandings loans extended by Tianjin Port Finance to the Group.

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As noted in the 2023 Annual Report, the Group will continue to pursue high-quality development and prioritise customer needs; actively promote the advantages of the coordinated development of the Beijing-Tianjin-Hebei Region and fully leverage the role of the “maritime gateway” hub of the Beijing-Tianjin-Hebei Region; continuously improve the level of port infrastructure, and promote the upgrading of port intelligence and low-carbon development; perpetually expand the functions of port services to maintain the smooth and efficient operation of the port; and strive to build a world-class, efficient, high-quality, smart and green port. As further noted in the 2023 Interim Report, the port of Tianjin was the eighth largest port in terms of total cargo throughput and ranked the sixth in terms of total container throughput in the PRC. Moreover, the Group has the right but not the obligation to utilise the deposit services under the New Financial Services Framework Agreement. Given the future development of the Group and the size of its operations, we considered that the Proposed Annual Caps remain at RMB8,000 million would provide flexibility to the Group.

As the operations of the Group continue to grow as mentioned above, the Group may have increasing need for deposit services. After considering the above factors, in particular, the PRC economy and the imports and exports of the PRC continue to grow going forward, the stable growth of the operations of the Group and the Proposed Annual Caps remain unchanged at RMB8,000 million compared with the annual caps under the Existing Financial Services Framework Agreement, we are of the view that the Proposed Annual Caps are fair and reasonable.

4. Internal control and risk management measures

As set out in the Letter from the Board, in order to safeguard the interests of the Company and the Shareholders, the New Financial Services Framework Agreement has stipulated the following internal control and risk management measures:

- (i) Tianjin Port Finance shall ensure the secure operation of its fund management information system, which has passed all the security tests for the bank-enterprise direct connection interface with other commercial banks, and adopts the digital certificates authentication mode to ensure the security of the Group’s funds;
- (ii) Tianjin Port Finance guarantees that it will strictly comply with and operate in accordance with the requirements of the “Finance Company Management Measures for Group Enterprise”* (《企業集團財務公司管理辦法》) issued by the NFRA, and its gearing, liquidity and other ratios should comply with the requirements specified by NFRA and other PRC laws and regulations as amended from time to time;

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- (iii) Tianjin Port Finance shall at all times monitor its credit risks. If (a) any specific situation that may affect the security of the deposits placed by the Group with Tianjin Port Finance arises, or (b) any other circumstances that may cause serious concern to such deposits occur, Tianjin Port Finance shall give written notice to the Company and the Group within two business days after the occurrence of such situations or circumstances, and to take measures to avoid or contain any losses. Upon receiving the notification, the Group has the right to withdraw its deposits (including the accrued interest) forthwith, or if it is unable to do so, each of the members of the Group may lawfully set off the deposits (including accrued interest) placed by such member of the Group with Tianjin Port Finance against the outstanding loans (including accrued interest) extended by Tianjin Port Finance to such member of the Group;
- (iv) during the term of the New Financial Services Framework Agreement, Tianjin Port Finance shall provide the Company with a report before 10:00 a.m. on every business day on the amount of deposits placed and loans owing by the Group (the “**Report**”). The Report will be reviewed, on a daily basis, by the Company to monitor the average daily amount of deposits (including accrued interest) placed by the Group and the average daily amount of outstanding loans extended by Tianjin Port Finance to the Group;
- (v) during the term of the New Financial Services Framework Agreement, Tianjin Port Finance shall provide the Company on the fifth business day of every month with its financial statements and other returns submitted by Tianjin Port Finance to the NFRA in the immediately preceding month;
- (vi) during the term of the New Financial Services Framework Agreement, Tianjin Port Finance shall provide the Company with a copy of every regulatory report within three business days after its submission of the same to the NFRA; and
- (vii) during the term of the New Financial Services Framework Agreement, Tianjin Port Finance shall implement all measures in relation to risk control.

In addition, the fund management information system of Tianjin Port Finance allows real-time monitoring of the actual balance of the deposits (including accrued interest) placed by the Group with Tianjin Port Finance, therefore Tianjin Port Finance can assist the Company to ensure that the actual daily balance of such deposits does not exceed the Proposed Annual Caps. If the deposits placed by the Group with Tianjin Port Finance are close to exceeding the Proposed Annual Caps, Tianjin Port Finance will inform the Company in a timely manner.

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Further to the internal control and risk management measures that have been stipulated in the New Financial Services Framework Agreement, the Group has implemented below measures as internal control and risk management procedures:

- (a) in order to ensure the terms and conditions on which Tianjin Port Finance provides services to members of the Group shall be no less favourable than those as provided to the Group by other major state-owned commercial banks in the PRC for the services of similar nature during the same period, members of the Group have to conduct a price comparison before entering into any transactions stipulated under the New Financial Services Framework Agreement. For fixed deposit services, members of the Group will conduct the price comparison by obtaining (i) the relevant benchmark interest rates for deposits (存款基準利率) set by PBOC; and (ii) at least two interest rates offered by other major state-owned commercial banks in the PRC for deposits of similar nature during the same period;
- (b) the management of the Company will be responsible for reviewing the relevant reports provided by Tianjin Port Finance and reporting to the Board the compliance by Tianjin Port Finance of the terms of the New Financial Services Framework Agreement;
- (c) the audit committee of the Company, which comprises all the independent non-executive Directors, will monitor and review the continuing connected transactions under the relevant agreements of the Group every year to ensure that such transactions are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements; and
- (d) the auditors of the Company will conduct annual review on the continuing connected transactions under such agreements pursuant to the requirements under the Listing Rules.

Assessment

To assess the effectiveness of the internal control and risk management measures, we have conducted the following:

- (i) we confirmed with the Management that during the period covered by the Existing Financial Services Framework Agreement and up to and including the Latest Practicable Date, no material breach to the aforesaid internal control and risk management measures by Tianjin Port Finance was noted;
- (ii) we obtained and reviewed the record of the average daily amount of deposits (including accrued interest) placed by the Group (calculated on a monthly basis) and the average daily amount of outstanding loans (including accrued interest) extended by Tianjin Port Finance to the Group (calculated on a monthly basis) for each month during FY2021, FY2022, FY2023 and 3M2024 and we noted that the Average Daily Amount Requirement was strictly followed during FY2021, FY2022, FY2023 and 3M2024;

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- (iii) we obtained and reviewed the record of the actual daily amount of deposits (including accrued interest) placed by the Group for each day during FY2021, FY2022, FY2023 and 3M2024 and we noted that such balances did not exceed the historical annual caps;
- (iv) we obtained and reviewed the record of the relevant benchmark interest rates for deposits (存款基準利率) set by PBOC as well as the interest rate offered by two major state-owned commercial banks in the PRC and compared against the interest rates provided by Tianjin Port Finance during the same period and we noted that the interest rates offered by Tianjin Port Finance are no less favourable than the relevant benchmark interest rates for deposits (存款基準利率) set by PBOC and those available to the Group from other major state-owned commercial banks in the PRC;
- (v) we confirmed with the Management that there was no written notice given by Tianjin Port Finance to the Company in relation to the occurrence of any situations or circumstances of Tianjin Port Finance's credit risks during FY2021, FY2022, FY2023 and 3M2024;
- (vi) we confirmed with the Management that Tianjin Port Finance conducted security tests on fund management information system in before launching the bank-enterprise direct connection function for each commercial bank and the latest security tests for the bank-enterprise direct connection with a newly added commercial bank were performed in March 2024; and
- (vii) we obtained and reviewed the unqualified letters issued by the independent auditor of the Company to report on the continuing connected transactions of the Group (including those under the Existing Financial Services Framework Agreement) for FY2022 and FY2023. Further details were set out in the 2022 Annual Report and the 2023 Annual Report.

In view of the above, we are of the view that there are effective internal control and risk management measures in place. In addition, we are of the view that the entering into of the Non-exempt Continuing Connected Transactions falls within the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

In relation to the Non-exempt Continuing Connected Transactions, we have considered the above principal factors and reasons and, in particular, having taken into account the following in arriving at our opinion:

- (a) the entering into of the New Financial Services Framework Agreement and the Non-exempt Continuing Connected Transactions with Tianjin Port Group falls within the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole;

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- (b) the terms of the New Financial Services Framework Agreement and the Non-exempt Continuing Connected Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (c) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned; and
- (d) the Group has adequate internal control system in place to monitor the Non-exempt Continuing Connected Transactions.

Having considered the above, we are of the view that the New Financial Services Framework Agreement and the Non-exempt Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant Board resolutions to be proposed at the EGM to approve the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps at the EGM.

Yours faithfully,
for and on behalf of
CHINA SUNRISE CAPITAL LIMITED
Lenny Li
Executive Director

Mr. Lenny Li is a licensed person registered with the SFC and a responsible officer of China Sunrise Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO who has over 17 years of experience in corporate finance industry in Hong Kong.

* *For identification purposes only*

1. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes to the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the years ended 31 December 2021, 2022 and 2023 have been disclosed in the following documents published on the HKEXnews website (www.hkexnews.hk) and the Company's website (www.tianjinportdev.com):

- Annual report of the Company for the year ended 31 December 2023 published on 26 April 2024 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042603833.pdf>);
- Annual report of the Company for the year ended 31 December 2022 published on 24 April 2023 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401653.pdf>); and
- Annual report of the Company for the year ended 31 December 2021 published on 25 April 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042500543.pdf>).

2. FINANCIAL AND TRADING PROSPECTS

In 2024, the global economic environment will be ridden with uncertainties and the mainland China economy will still be facing certain difficulties and challenges. Looking forward, the Chinese government will be more aggressive in its economic endeavours including shifting mode, adjusting structure, and enhancing quality and efficiency. With relevant policies gradually rolled out, the economy is expected to be invigorated and social expectation will improve, helping in turn to solidify and strengthen the economic upturn, giving it the continuous drive to effectively improve quality and attain reasonable growth.

The Group will proactively capture the opportunities brought by the policies such as coordinated development of Beijing-Tianjin-Hebei and integrated development of ports, industries and cities. It will look to involve deeply in the country's strategy to build the "Belt and Road". By carefully formulating new development plans and give full play to its core competitiveness, the Group will be able to further strengthen its main business — loading and unloading logistics business. It will uphold the working principle of striving to innovate and for progress, integration and excellence while maintaining stability, to the ends of promoting development and improving efficiency. Moreover, the Group will deepen construction of a safety system to ensure operation of the port is safe and reliable. It will promote green and low-carbon upgrades to minimise the environmental impacts of its port operations. It will use clean energy technology, optimise energy utilisation and reduce wastes and emissions into the environment, fulfilling its corporate social responsibility and contributing to sustainable development. The Group will promote intelligent production, accelerate digital transformation, and introduce advanced technologies and automatic equipment to improve operational efficiency and precision, and provide higher quality services. It will also optimise on-site management

and market development, create a long-term service mechanism to offer high cost-effective services to win customers. At the same time, active efforts will be made to explore market and find new cooperation opportunities, as well as enhance the Group's market competitiveness and profitability. Targeting at high-quality development, the Group will continuously deepen refined management and strengthen compliance management and risks control. With the help of accurate data analysis and risk assessment, it will be able to timely identify and address potential risks, thereby ensure sustainable development of its business and also enhance profitability. The Group will make continuous efforts on the construction of a smart port, hub port and a world-class port to lay a solid foundation for facilitating long-term planning and its sustainable development.

3. FURTHER INFORMATION

(a) Indebtedness

As at the close of business on 30 April 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$5,653 million. All borrowings of the Group are unsecured and unguaranteed.

As at the close of business on 30 April 2024, the Group had lease liabilities recognised on the application of Hong Kong Financial Reporting Standard 16 "Leases" of approximately HK\$590 million. Except for lease liabilities of approximately HK\$4 million which are secured by rental deposits paid in advance, all remaining lease liabilities of the Group are unsecured. All lease liabilities of the Group are unguaranteed.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding borrowings, debt securities issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, other borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities, hire purchases commitments, guarantees or contingent liabilities at the close of business on 30 April 2024.

(b) Working capital

The Directors are of the opinion that, after taking into account the present available financial resources, the internally generated funds, the available banking and other facilities, the Group will have sufficient working capital to satisfy its present requirements for at least 12 months from the date of this circular.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, were as follows:

Long position in the Shares

Name of Director	Capacity	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
Japhet Sebastian Law	Beneficial owner	Interest held jointly with another person	2,700,000	0.04%

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or chief executive of the Company, nor their respective associates (as defined in the Listing Rules) had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, so far as was known to the Directors, the following Directors were also directors or employees of a company which has an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company	Position
Chu Bin	Tianjin Port Group	Director and chairman
Luo Xunjie	Tianjin Port Group	Director and vice president as well as the officer of strategic investment committee
Teng Fei	Tianjin Development Holdings Limited	Executive director and chairman of the board
	Tianjin TEDA Industrial Group Co., Ltd.* (天津泰達實業集團有限公司)	Director and general manager
	Tsinlien Group Company Limited* (津聯集團有限公司)	Director and general manager
	Tianjin Bohai State-owned Assets Management Co., Ltd.* (天津渤海國有資產經營管理有限公司)	Director and general manager
Sun Bin	Tianjin Port Group	General manager of the investment and development management department

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which do not expire or are not terminable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTEREST

Chu Bin, an executive Director and chairman of the Board, and Luo Xunjie, an executive Director and the managing Director, are directors of Tianjin Port Group. As the Board is independent of the board of directors of Tianjin Port Group (save for Chu Bin and Luo Xunjie who are the common directors in both companies) and Chu Bin and Luo Xunjie have no control over the Board, the Group is capable of carrying on its businesses independently of the businesses of Tianjin Port Group.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. MATERIAL CONTRACT

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contract was entered into by the Group which is or may be material:

The agreement dated 15 December 2022 entered into between Tianjin Wuze Logistics Co., Ltd.* (天津物澤物流有限公司) (“**Tianjin Wuze**”), a subsidiary of the Group, and Tianjin Port & Channel Engineering Co., Ltd.* (天津港航工程有限公司) and CCC First Harbor Consultants Co., Ltd.* (中交第一航務工程勘察設計院有限公司) (collectively, the “**Contractors**”), in respect of the dangerous goods container yard project, pursuant to which the Contractors agreed to provide engineering, procurement and construction services to Tianjin Wuze at the aggregate consideration of approximately RMB287,402,696 (tax inclusive), as disclosed in the announcement of the Company dated 15 December 2022 and circular of the Company dated 22 February 2023.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. EXPERT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
China Sunrise	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, China Sunrise did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, China Sunrise did not have any direct or indirect interest in any assets which had been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

China Sunrise has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name in the form and context in which they appear.

The letter given by China Sunrise is given as of the date of this circular for incorporation herein.

10. GENERAL

- (a) The registered office of the Company is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands, and the principal place of business of the Company in Hong Kong is at Suite 3904-3907, 39/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Cheung Wah Lung, Warren who holds a bachelor's degree in business administration and is a member of the American Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries.

11. DOCUMENTS ON DISPLAY

The following documents will be available on the HKEXnews website (www.hkexnews.hk) and the Company's website (www.tianjinportdev.com) during the period of 14 days from the date of this circular:

- (a) the Existing Financial Services Framework Agreement;
- (b) the New Financial Services Framework Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (d) the letter from China Sunrise, the text of which is set out in this circular; and
- (e) the consent letter of China Sunrise referred to in the paragraph headed "Expert" in this Appendix II.

12. MISCELLANEOUS

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

** For identification purposes only*

NOTICE OF EXTRAORDINARY GENERAL MEETING



NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Tianjin Port Development Holdings Limited (the “**Company**”) will be held at 24th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong on Wednesday, 31 July 2024 at 3:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps, all as defined and described in the circular of the Company dated 24 June 2024, and all other transactions contemplated thereunder and in connection therewith and any other ancillary documents, be and are hereby approved, confirmed and/or ratified; and THAT the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform, deliver all such agreements, instruments, documents and deeds, and do all such acts, matters and things and take all such steps as they may in their discretion consider necessary, desirable or expedient to implement and/or to give effect to the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the adoption of the Proposed Annual Caps, and all other transactions contemplated thereunder as they may in their discretion consider to be desirable and in the interests of the Company.”

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

Hong Kong, 24 June 2024

Notes:

1. An eligible shareholder of the Company is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy does not need to be a shareholder of the Company.
2. In the case of joint registered holders of any share of the Company, any one of such persons may vote at the EGM (or any adjournment thereof), either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time scheduled for holding the EGM (or any adjournment thereof).
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM (or any adjournment thereof) should he/she so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. The register of members of the Company will be closed from Friday, 26 July 2024 to Wednesday, 31 July 2024 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 25 July 2024.
6. The resolution set out in this notice will be decided by poll at the EGM.

As at the date of this notice, the board of directors of the Company 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. Zhang Weidong and Ms. Luo Laura Ying as independent non-executive directors.