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**日照港裕廊股份有限公司**  
**Rizhao Port Jurong Co., Ltd.**

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

**(Stock Code: 6117)**

**CONTINUING CONNECTED TRANSACTION AND  
MAJOR TRANSACTION IN RELATION TO  
FINANCIAL SERVICE FRAMEWORK AGREEMENT  
(1) EXCEEDING OF ANNUAL CAP  
FOR THE YEAR ENDED 31 DECEMBER 2020; AND  
(2) REVISION OF ANNUAL CAPS  
FOR THE TWO YEARS ENDING 31 DECEMBER 2022**

Reference is made to the Announcement and the circular of the Company dated 15 April 2020 in relation to, among others, the Financial Service Framework Agreement.

In March 2021, in the course of finalising the annual report of the Company for the year ended 31 December 2020, the Company discovered that the 2020 Transaction Amount exceeded the 2020 Annual Cap. In response to the 2020 Transaction Amount and the expected increase in demand for the deposit and settlement services provided to the Company, on 1 April 2021, the Company entered into the Supplemental Agreement with RPG Finance to revise the annual caps for the transactions of the provision of deposit and settlement services under the Financial Service Framework Agreement for the years ending 31 December 2021 and 2022. Save as disclosed below, all other terms and conditions of the Financial Service Framework Agreement remain unchanged.

## **LISTING RULES IMPLICATIONS**

Rizhao Port is a controlling shareholder of the Company, which directly holds approximately 50.6% of the total issued share capital of the Company as at the date of this announcement. Rizhao Port Group, being the controlling shareholder of Rizhao Port, directly and indirectly holding approximately 44.46% of the total issued share capital of Rizhao Port as at the date of this announcement, is also regarded as a controlling shareholder of the Company. RPG Finance, which is owned as to 60% and 40% by Rizhao Port Group and Rizhao Port as at the date of this announcement, respectively, is an associate of each of Rizhao Port and Rizhao Port Group, and hence, a connected person of the Company.

As the highest of all applicable percentage ratios in respect of the Revised Annual Caps under the Supplemental Agreement is more than 25% on an annual basis, the entering into of the Supplemental Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and a continuing connected transaction of the Company under Chapter 14A of the Listing Rules, subject to reporting, annual review, announcement and independent shareholders' approval requirements.

As the 2020 Transaction Amount exceeded the 2020 Annual Cap, pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the reporting, announcement and independent shareholders' approval requirements.

## **GENERAL**

The Company has established an Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in connection with the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder, and as to how to vote at the EGM.

After the publication of this announcement, an independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

As at the date of this announcement, Rizhao Port Group and its associates are interested in 840,000,000 Domestic Shares, representing approximately 50.6% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolution approving the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the relevant resolutions approving the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) details of the Ratification and the Supplemental Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM with the proxy form will be dispatched to the Shareholders. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be dispatched to the Shareholders on or before 20 May 2021.

Reference is made to the Announcement and the circular of the Company dated 15 April 2020 in relation to, among others, the Financial Service Framework Agreement entered into by the Company with RPG Finance on 27 March 2020.

### **EXCEEDING OF 2020 ANNUAL CAP**

In March 2021, in the course of finalising the annual report of the Company for the year ended 31 December 2020, the Company discovered that the 2020 Transaction Amount, being the maximum daily balance of deposits placed by the Company with RPG Finance under the Financial Service Framework Agreement for the year ended 31 December 2020, amounted to RMB161,205,000, which exceeded the 2020 Annual Cap.

## **Reasons for exceeding the 2020 Annual Cap**

The 2020 Annual Cap was exceeded mainly because (i) the Company's overall financial performance was better than expected and the actual transaction amount received from the customers for the Company's provision of services was higher than expected; and (ii) the amounts received from the customers were relatively concentrated during the year-end and month-end periods, and the time of receipt was close to the bank's close of business time on the day, resulting in the Company's failure to transfer excess deposits on a timely manner. During the year ended 31 December 2020, the daily amount of deposits placed by the Company with RPG Finance exceeded the 2020 Annual Cap for a total of 35 days.

## **REVISION OF ANNUAL CAPS FOR THE TWO YEARS ENDING 31 DECEMBER 2022**

As stated in the Announcement, the original annual caps for the transactions contemplated under the Financial Service Framework Agreement were determined based on (i) historical daily deposit balance for the years ended 31 December 2017, 2018 and 2019, and for the period from 1 January 2020 to the date of the Announcement; (ii) the banking facilities the Company expects to obtain; and (iii) the expected settlement needs for other connected transactions of the Company.

In response to the 2020 Transaction Amount and the expected increase in demand for the deposit and settlement services provided to the Company, on 1 April 2021, the Company entered into the Supplemental Agreement with RPG Finance to revise the annual caps for the transactions of the provision of deposit and settlement services under the Financial Service Framework Agreement for the years ending 31 December 2021 and 2022. Save as disclosed below, all other terms and conditions of the Financial Service Framework Agreement remain unchanged.

## **FINANCIAL SERVICE FRAMEWORK AGREEMENT (AS AMENDED BY THE SUPPLEMENTAL AGREEMENT)**

The principal terms of the Financial Service Framework Agreement (as amended by the Supplemental Agreement) are set out as follows:

### **Date**

27 March 2020 (as amended by the Supplemental Agreement)

### **Parties**

- (a) The Company (as the service recipient); and
- (b) RPG Finance (as the service provider).

### **Nature of transaction**

RPG Finance agreed to provide deposit and settlement services to the Company.

### **Term**

The term of the Financial Service Framework Agreement will commence upon the conclusion of the Company's 2019 annual general meeting held on 18 May 2020 and ending on 31 December 2022, subject to early termination by either party giving at least 6 months' prior written notice to the other party.

Parties can extend or renew such terms by mutual agreement, provided that the requirements under the relevant laws, regulations and the Listing Rules are complied with.

### **Conditions precedent**

The Supplemental Agreement is conditional upon the resolutions regarding the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder being approved by the Independent Shareholders at the EGM.

## Pricing policy

The deposit interest rates are determined in accordance with the rates published by the PBOC and are in line with the market rates provided by independent commercial banks.

The interest rate of other financial services related to or similar to the deposit service shall not be lower than the interest rates offered by independent commercial banks for comparable financial services.

The settlement service provided by RPG Finance is free of charge.

## HISTORICAL AMOUNTS

The historical transaction amounts with RPG Finance in relation to the deposit and settlement services for the years ended 31 December 2018, 2019 and 2020 are listed below:

Transaction	For the years ended 31 December		
	2018	2019	2020
	<i>(RMB in thousands)</i>		
Maximum daily balance of deposits	135,313	227,207	161,205
Interest income	851	440	874
Settlement service	0	0	0

## REVISED ANNUAL CAPS AND BASIS OF DETERMINATION

The following table sets forth the Revised Annual Caps for the transactions contemplated under the Financial Service Framework Agreement (as amended by the Supplemental Agreement):

Transaction	For the years ending 31 December	
	2021	2022
	<i>(RMB in thousands)</i>	
Maximum daily balance of deposits	180,000	180,000
Interest income	3,000	3,000
Settlement service	0	0

The proposed revision of the annual caps were estimated based on (i) historical daily deposit balance for the years ended 31 December 2018, 2019 and 2020; (ii) the banking facilities the Company expects to obtain; and (iii) increase in expected settlement needs resulting from the increase in operating income of the Company.

## **INFORMATION OF THE PARTIES**

The Company, a joint stock company incorporated in the PRC with limited liability, is principally engaged in comprehensive port-related services, including stevedoring, berth leasing, port management, storage, and logistics agency services.

RPG Finance, is a non-banking financial institution incorporated in the PRC on 20 May 2016 and is subject to the Administrative Measures on Finance Companies within Group Enterprises (《企業集團財務公司管理辦法》) and other relevant regulations promulgated by PBOC and CBIRC. The establishment of such non-banking financial institutions is subject to approval by CBIRC and its operation is subject to the ongoing supervision of CBIRC. Non-banking financial institutions shall comply with applicable regulations relating to interest rate issued by PBOC and CBIRC.

In the PRC, finance companies within group enterprises are only permitted under applicable PRC laws and regulations to provide financial services to enterprises within the same parent group. Therefore, RPG Finance only provides financial services to members of Rizhao Port Group, including the Company.

RPG Finance is owned as to 60% and 40% by Rizhao Port Group and Rizhao Port. Rizhao Port Group is a direct wholly-owned subsidiary of Shandong Port Group Co., Ltd. (山東省港口集團有限公司), which is a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT**

RPG Finance is a limited liability company established on 20 May 2016 with a registered capital of RMB1 billion and a licensed non-bank financial institution regulated by CBIRC and it provides deposit, settlement and other financial services only to Rizhao Port Group and its subsidiaries/affiliated companies. In the ordinary course of business of the Company, the Company transacts with various subsidiaries/affiliated companies of Rizhao Port Group. Such subsidiaries/affiliated companies generally maintain settlement accounts with RPG Finance. The centralized maintenance of deposits by the Company with RPG Finance will facilitate clearing with other members of Rizhao Port Group, reduce the processing time and is generally more administratively efficient than settlement through independent banks. Since (i) the Company expects to enhance the security of its funds as its financial management strategy; (ii) the overall financial performance of the Company is good and the Company expects to have positive growth in revenue during the term of the Financial Service Framework Agreement; and (iii) the Company expects to have a growth in its business, the Directors are of the view that the provision of services by RPG Finance is more favourable and convenient to the actual business development and needs of the Company and as such the entering into of the Supplemental Agreement will cater for the expected increase in demand for deposit services to be provided to the Company.

The Company maintains approximately 33.25% and 66.75% of its deposits with RPG Finance and independent commercial banks as at the date of this announcement, respectively.

The terms of the Financial Service Framework Agreement (as amended by the Supplemental Agreement) have been arrived at after arm's length negotiations between the parties. The Directors (excluding all the independent non-executive Directors who will give their opinion based on the recommendations from the independent financial adviser) have confirmed that the terms of the Financial Service Framework Agreement (as amended by the Supplemental Agreement) (including the Revised Annual Caps) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the Supplemental Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolutions approving the Supplemental Agreement and the transactions contemplated thereunder.

## **INTERNAL CONTROL MEASURES ADOPTED BY THE COMPANY FOR FUTURE COMPLIANCE**

The Directors consider that the failure to re-comply with the requirements under Rule 14A.54(1) of the Listing Rules on a timely basis was an inadvertent event. In order to avoid any occurrence of similar events in the future, the Company has taken necessary and additional internal control measures to strengthen the reporting and documentation systems of the Company as follows:

- (a) The Company will continue to sort out the framework agreements, including the Financial Service Framework Agreement (as amended by the Supplemental Agreement), and enhance the training to the staff in the relevant department of the Company carrying out the specific connected transactions to ensure that relevant staff comply with the requirements for the terms of the Financial Service Framework Agreement (as amended by the Supplemental Agreement);
- (b) The Company's finance office will closely monitor the actual transaction amounts under the Financial Service Framework Agreement (as amended by the Supplemental Agreement) on a daily basis. If the actual transaction amount reaches approximately 85% of the Revised Annual Caps at any time during the year, the finance office will report to the senior management of the Company, which will seek advice from the audit committee of the Company, and the Board will consider taking appropriate measures to further revise the annual cap amounts and comply with the relevant announcement and shareholders' approval requirements in accordance with the Listing Rules;
- (c) The Company's finance office will review the transactions entered into under the Financial Service Framework Agreement (as amended by the Supplemental Agreement) on a quarterly basis and report to the Company's audit committee and the Board to ensure that the Revised Annual Caps under the Supplemental Agreement will not be exceeded;
- (d) The Company will conduct internal control review and financial audit on an annual basis, and conduct financial monitoring and decision-making analysis on a half-year basis so as to ensure compliance with the terms of the Financial Service Framework Agreement (as amended by the Supplemental Agreement) and pricing policies;
- (e) The Company's auditors and independent non-executive Directors will conduct annual review on the transactions entered into under the Financial Service Framework Agreement (as amended by the Supplemental Agreement) in accordance with the Listing Rules; and

- (f) The internal audit office of the Company will focus on the above internal control measures as part of the continuous work plan and report to the audit committee of the Company and the Board on a quarterly basis.

## **LISTING RULES IMPLICATIONS**

Rizhao Port is a controlling shareholder of the Company, which directly holds approximately 50.6% of the total issued share capital of the Company as at the date of this announcement. Rizhao Port Group, being the controlling shareholder of Rizhao Port directly and indirectly holding approximately 44.46% of the total issued share capital of Rizhao Port as at the date of this announcement, is also regarded as a controlling shareholder of the Company. RPG Finance, which is owned as to 60% and 40% by Rizhao Port Group and Rizhao Port as at the date of this announcement, respectively, is an associate of each of Rizhao Port and Rizhao Port Group, and hence, a connected person of the Company.

As the highest of all applicable percentage ratios in respect of the Revised Annual Caps under the Supplemental Agreement is more than 25% on an annual basis, the entering into of the Supplemental Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and a continuing connected transaction of the Company under Chapter 14A of the Listing Rules, subject to reporting, annual review, announcement and independent shareholders' approval requirements.

As the 2020 Transaction Amount exceeded the 2020 Annual Cap, pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the reporting, announcement and independent shareholders' approval requirements.

## GENERAL

The Company has established an Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in connection with the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder, and as to how to vote at the EGM.

After the publication of this announcement, an independent financial adviser will be appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

As at the date of this announcement, Rizhao Port Group and its associates are interested in 840,000,000 Domestic Shares, representing approximately 50.6% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolution approving the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the relevant resolutions approving the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) details of the Ratification and the Supplemental Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM with the proxy form will be dispatched to the Shareholders. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be dispatched to the Shareholders on or before 20 May 2021.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2020 Annual Cap”	the annual cap for the transactions contemplated under the Financial Service Framework Agreement in respect of the maximum daily balance of deposits for the year ending 31 December 2020 in the amount of RMB130,000,000
“2020 Transaction Amount”	the maximum daily balance of deposits placed by the Company with RPG Finance under the Financial Service Framework Agreement for the year ended 31 December 2020 in the amount of RMB161,205,000
“Announcement”	the announcement of the Company dated 27 March 2020 in relation to, among others, the Financial Service Framework Agreement
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Company”	Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6117)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under PRC laws
“EGM”	the extraordinary general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder
“Financial Service Framework Agreement”	the financial service framework agreement entered into between the Company and RPG Finance on 27 March 2020, pursuant to which RPG Finance agrees to provide deposit and settlement services to the Company for the term commencing upon the conclusion of the Company’s 2019 annual general meeting held on 18 May 2020 and ending on 31 December 2022
“H Share(s)”	overseas listed shares in the share capital of the Company with a nominal value of RMB1.00 each in the share capital of the Company, listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, consisting of all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder

“Independent Shareholders”	the Shareholders of the Company who are not required by the Listing Rules to abstain from voting at the EGM on the resolution to approve the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Ratification”	the ratification of the 2020 Annual Cap by an amount equal to the 2020 Transaction Amount
“Revised Annual Caps”	the proposed revised annual caps for the transactions contemplated under the Financial Service Framework Agreement (as amended by the Supplemental Agreement) for the two years ending 31 December 2022
“Rizhao Port”	Rizhao Port Co., Ltd. (日照港股份有限公司), a joint stock company established in the PRC with limited liability whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600017), the controlling shareholder of the Company
“Rizhao Port Group”	Rizhao Port Group Co., Ltd. (日照港集團有限公司), a company established in PRC with limited liability, the controlling shareholder of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“RPG Finance”	Rizhao Port Group Finance Co., Ltd (日照港集團財務有限公司), a company held as to 60% by Rizhao Port Group and 40% by Rizhao Port

“Share(s)”	share (s) of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	the holder (s) of the Share (s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the financial service supplemental framework agreement entered into between the Company and RPG Finance on 1 April 2021

By Order of the Board  
**Rizhao Port Jurong Co., Ltd.**  
**Wang Yufu**  
*Chairman*

Rizhao, PRC, 1 April 2021

*As at the date of this announcement, the Board comprises Mr. Wang Yufu as Chairman and non-executive Director; Mr. He Zhaodi as executive Director; Mr. Pay Cher Wee, Mr. Ooi Boon Hoe and Mr. Jiang Zidan as non-executive Directors; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as independent non-executive Directors.*