
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Rizhao Port Jurong Co., Ltd., you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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(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
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



Crescendo Capital Limited

A letter from the Board is set out on pages 1 to 11 of this circular.

A notice convening the EGM to be held at 10:00 a.m. on Friday, 27 August 2021 at the Office Building of Rizhao Port Jurong Co., Ltd. is set out on pages 39 to 40 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon. For holders of the H Shares, the form of proxy should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of 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 adjourned meeting should you so wish and in such event, the form of proxy shall be deemed to be revoked.

13 July 2021

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DEFINITIONS

In this circular, the following terms and expressions shall have the following respective meanings unless the context otherwise requires:

“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 ended 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
“Director(s)”	director(s) of the Company

DEFINITIONS

“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 at 10:00 a.m. on Friday, 27 August 2021 at the Office Building of Rizhao Port Jurong Co., Ltd. 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

DEFINITIONS

“Independent Financial Adviser”	Crescendo Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and 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 resolutions to approve the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder
“Jurong Port”	Jurong Port Pte Ltd, a private company limited by shares established in Singapore, holding 100% interest in Jurong Port Holding as at the Latest Practicable Date
“Jurong Port Holding”	Jurong Port Rizhao Holding Pte Ltd, a private company limited by shares established in Singapore and holding approximately 21.69% of the total issued share capital of the Company as at the Latest Practicable Date
“Latest Practicable Date”	7 July 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Notice of EGM”	a notice convening the EGM set out on pages 39 to 40 of this circular
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 31 May 2019
“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), and a 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, and a 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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Share(s) of RMB1.00 each in the share capital of the Company, comprising the Domestic Shares and the H Shares

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Supplemental Agreement”	the financial service supplemental framework agreement entered into between the Company and RPG Finance on 1 April 2021
“%”	per cent

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Listing Rules, the SFO or any modification thereof and used in this circular shall, where applicable, have the meaning assigned to it under the Listing Rules, the SFO or any modification thereof, as the case may be.

LETTER FROM THE BOARD



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)

Non-executive Directors:

Mr. WANG Yufu (*Chairman*)

Mr. OOI Boon Hoe

Mr. JIANG Zidan

Mr. PAY Cher Wee

Mr. CHEN Lei

Registered office:

South End

Haibin 5th Road

Rizhao City, Shandong Province

PRC

Executive Director:

Mr. ZHANG Feng

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre

248 Queen's Road East

Independent Non-executive Directors:

Mr. ZHANG Zixue

Mr. WU Xibin

Mr. LEE Man Tai

Wanchai

Hong Kong

13 July 2021

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION
AND MAJOR TRANSACTION
IN RELATION TO
FINANCIAL SERVICE FRAMEWORK AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with, among others, (i) details of the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Ratification, the Supplemental Agreement, the Revised Annual

LETTER FROM THE BOARD

Caps and the transactions contemplated thereunder; (iii) the recommendation of the Independent Board Committee regarding the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder; (iv) the financial information of the Company; (v) general information of the Company; and (vi) a notice for convening the EGM.

Reference is made to the Announcement, the circular of the Company dated 15 April 2020 and the announcement of the Company dated 1 April 2021 in relation to, among others, the Financial Service Framework Agreement.

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. The 2020 Annual Cap was first exceeded on 23 June 2020. 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.

Due to change in work arrangements during the year ended 31 December 2020, there has been a change of the employees in the finance office of the Company who were responsible for monitoring the compliance of the 2020 Annual Cap. The employees in the finance office of the Company have (a) inadvertently overlooked the effect of the time gap between: (i) the date(s) on which the transaction amounts were deposited by the customers to the Company's account with RPG Finance; and (ii) the date(s) of withdrawal of excess deposits by the Company, on the daily closing cash balance of deposits in the Company's account with RPG Finance; and (b) inadvertently omitted to report the incidents in relation to the exceeding of the 2020 Annual Cap to the Company. This oversight was only discovered until and during the course of finalising the annual report of the Company for the year ended 31 December 2020 in March 2021.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

REVISED ANNUAL CAPS AND BASIS OF DETERMINATION

The original annual caps for the transactions contemplated under the Financial Service Framework Agreement for the years ending 31 December 2022 are set out as follows:

Transaction	For the years ending 31 December	
	2021	2022
	<i>(RMB in thousands)</i>	
Maximum daily balance of deposits	130,000	130,000
Interest income	900	900
Settlement service	0	0

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.

LETTER FROM THE BOARD

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, which is an institution directly under Shandong Provincial Government.

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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company maintains approximately 25.6% and 74.4% of its deposits with RPG Finance and independent commercial banks, 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.

FINANCIAL EFFECTS OF ENTERING INTO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT (AS AMENDED BY THE SUPPLEMENTAL AGREEMENT)

The use of deposit services and other financial services allows the Company to receive interests at a rate that is no less favourable than the interest rates offered by independent commercial banks for comparable deposit services and other financial services. However, the annual interest income only accounts for a small portion of the Company's profits, assets and liabilities. Therefore, the Directors consider that the use of deposit services and other financial services under the Financial Services Framework Agreement (as amended by the Supplemental Agreement) shall not have any material effect on the total assets, earnings and liabilities of the Company.

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);

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

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 Latest Practicable Date. 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 Latest Practicable Date, 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 Latest Practicable Date, 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.

EGM

The EGM will be held at 10:00 a.m. on Friday, 27 August 2021 at the Office Building of Rizhao Port Jurong Co., Ltd. for the purpose of allowing Shareholders to consider and, if thought fit, approve the resolutions as set out in the Notice of EGM on pages 39 to 40 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon. For holders of the H Shares, the form of proxy should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of 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 adjourned meeting should you so wish and in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

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.

The Independent Financial Adviser, Crescendo Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

As at the Latest Practicable Date, 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 resolutions 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.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of H Shares who will be entitled to attend the EGM, the register of members of the Company will be closed from Wednesday, 28 July 2021 to Friday, 27 August 2021 (both days inclusive), during which period no transfer of H Shares will be registered. In order for the holders of H Shares to qualify for attending the EGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Tuesday, 27 July 2021.

LETTER FROM THE BOARD

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions put forward at the EGM will be voted on 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. Poll results will be announced by the Company in accordance with Rule 13.39(5) of the Listing Rules after the EGM.

RECOMMENDATIONS

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) is of the view that (i) the Financial Service Framework Agreement (as amended by the Supplemental Agreement) (including the Revised Annual Caps) and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) the Ratification is in the interest of the Company and the Shareholders as a whole.

Accordingly, the Board (including the independent non-executive Directors) recommends the Independent Shareholders to vote in favour of the resolutions for approving the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 12 to 13 of this circular, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 14 to 29 of this circular, the additional information as set out in the appendices to this circular and the notice of EGM.

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



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

(Stock Code: 6117)

13 July 2021

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION
AND MAJOR TRANSACTION
IN RELATION TO
FINANCIAL SERVICE FRAMEWORK AGREEMENT**

We refer to the circular dated 13 July 2021 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the Ratification, the terms of the Supplemental Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder as set out in the Circular. Crescendo Capital Limited has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out in pages 14 to 29 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the background of the Ratification, the terms of the Supplemental Agreement (including the Revised Annual Caps), and the transactions contemplated thereunder, the advice and recommendation of the Independent Financial Adviser and the relevant information contained in the Letter from the Board, we are of the view that: (i) the Supplemental Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; (ii) the Revised Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (iii) the Ratification is in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions at the EGM so as to approve the Ratification, the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

Your faithfully,

The Independent Board Committee of

Rizhao Port Jurong Co., Ltd.

Mr. ZHANG Zixue, *Independent non-executive Director*

Mr. WU Xibin, *Independent non-executive Director*

Mr. LEE Man Tai, *Independent non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Crescendo Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in relation to the deposit and settlement services contemplated under the Financial Service Framework Agreement (as amended by the Supplemental Agreement) for inclusion in this circular.



1105 Tai Tung Building
8 Fleming Road
Wanchai, Hong Kong

13 July 2021

Rizhao Port Jurong Co., Ltd.
South End
Haibin 5th Road
Rizhao City, Shandong Province
The People's Republic of China

Attn.: The Independent Board Committee and
the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO THE REVISION OF ANNUAL CAPS FOR THE FINANCIAL SERVICE FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the revision of the annual caps for the two years ending 31 December 2022 in respect of the deposit and settlement services under the Financial Service Framework Agreement (the “**Financial Services**”), details of which are set out in the Letter from the Board contained in the circular of the Company dated 13 July 2021 to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

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As disclosed in the Announcement and the circular of the Company dated 15 April 2020, on 27 March 2020, the Company and RPG Finance entered into the Financial Service Framework Agreement in respect of the provision of the Financial Services by RPG Finance to the Group, the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing. The Financial Service Framework Agreement and the annual caps for the Financial Services thereunder were approved at the annual general meeting of the Company held on 18 May 2020.

In March 2021, in the course of finalizing 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 Financial Services to be provided to the Company, the Company entered into the Supplemental Agreement with RPG Finance on 1 April 2021 to revise the annual caps for the transactions of the provision of the Financial Services under the Financial Service Framework Agreement for the years ending 31 December 2021 and 2022. The Company also proposed to ratify the 2020 Annual Cap by an amount equals to the 2020 Transaction Amount.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the reporting, announcement and independent shareholders' approval requirements for the Ratification and the entering into of the Supplemental Agreement. As at the Latest Practicable Date, Rizhao Port Group was interested, directly and indirectly, in 44.46% of the total issued share capital of Rizhao Port, which is a controlling shareholder of the Company directly holding approximately 50.6% of the total issued share capital of the Company. RPG Finance was held as to 60% by Rizhao Port Group and 40% by Rizhao Port as at the Latest Practicable Date. Accordingly, RPG Finance is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. As the highest of all applicable percentage ratios in respect of the Revised Annual Caps is more than 25% on an annual basis, the entering into of the Supplemental Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and such transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements.

The Company will convene the EGM to consider and, if thought fit, approve, among other things, the Ratification, the Supplemental Agreement and transactions contemplated thereunder and the Revised Annual Caps. In compliance with the Listing Rules, Rizhao Port Group and its associates will abstain from voting at the EGM for the relevant resolutions approving the Ratification, the Supplemental Agreement and transactions contemplated thereunder and the Revised Annual Caps.

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The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Zhang Zixue, Mr. Wu Xibin and Mr. Lee Man Tai, has been established to advise the Independent Shareholders as to whether (i) the Ratification is in the interests of the Company and the Shareholders as a whole; and (ii) the transactions contemplated under the Financial Service Framework Agreement (as amended by the Supplemental Agreement) (the “**Amended Financial Service Framework Agreement**”) are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and including the Revised Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. We, Crescendo Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard and on how to vote on the resolutions to be proposed at the EGM.

We are not associated with the Company and its associates and do not have any shareholding in any member of the Company or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Company. Save for acting as an independent financial adviser in this appointment and the occasion as detailed in the circular of the Company dated 15 April 2020, we have not acted as a financial adviser or an independent financial adviser to the Company in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Company and its associates. We were not aware of any relationship or interest between us and the Company or any other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the EGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the 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 the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purposes of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects

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of the Company and the related subject of, and parties to, the Amended Financial Service Framework Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Ratification, the Amended Financial Service Framework Agreement and the Revised Annual Caps, we have considered the following principal factors and reasons:

1. Background of the Company and RPG Finance

(i) Information on the Company

The Company, a joint stock company incorporated in the PRC with limited liability which has been listed on the Main Board of the Stock Exchange since 19 June 2019, is principally engaged in comprehensive port-related services, including stevedoring, berth leasing, port management, storage and logistics agency services, primarily covering soybeans, woodchips, dried tapioca and, to a lesser extent, other cargo types including maize and wheat.

The table below sets forth a summary of the audited financial information of the Company for the two years ended 31 December 2020 as extracted from the Company's annual report for the year ended 31 December 2020:

	For the year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	615,318	542,783
Profit for the year	<u>151,129</u>	<u>141,131</u>
	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	280,280	198,107
Net assets	<u>2,225,312</u>	<u>2,113,992</u>

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According to the annual report for the year ended 31 December 2020, the revenue of the Group increased by approximately RMB72.5 million or 13.4% from approximately RMB542.8 million for the year ended 31 December 2019 to approximately RMB615.3 million for the year ended 31 December 2020. The increase was mainly attributable to the increases in revenue from stevedoring service and logistics agency services of approximately RMB52.7 million and RMB25.6 million respectively, which completely set-off the effect of drop in revenue from storage service of approximately RMB11.1 million. Benefited from the increase in import volume of grains in the PRC in 2020, the Group's revenue from stevedoring service increased substantially. In addition, the Group's logistics agency services were further extended to include railway and road transportation services in 2020, which resulted in a growth in revenue as compared to the prior year. However, the outbreak of the COVID-19 pandemic adversely affected the shipment of some other goods. In the second half of 2020, imported grains were discharged from the ports in a timely manner with the storage period shortened as compared to the previous year and some cargoes were even just kept within the free storage period. Therefore, the revenue from storage services was adversely impacted.

With the decrease in revenue from storage service with relatively high gross profit margin, the gross profit of the Group dropped slightly by approximately RMB3.4 million. Despite a reduction in gross profit and an increase in income tax expense of approximately RMB3.1 million, the net profit for the year of the Group increased by approximately RMB10.0 million or 7.1% from approximately RMB141.1 million for the year ended 31 December 2019 to approximately RMB151.1 million for the year ended 31 December 2020 as a result of (i) the absence of listing expenses for the year ended 31 December 2020 which amounted to approximately RMB12.4 million for the year ended 31 December 2019; and (ii) the decrease in finance costs of approximately RMB3.4 million in consequence of the repayment of bank borrowings by the Company.

The cash and cash equivalents of the Group increased by approximately RMB82.2 million or 41.5% from approximately RMB198.1 million as at 31 December 2019 to approximately RMB280.3 million as at 31 December 2020. Such increase was mainly attributable to the increase in net cash inflow from operating activities. The net assets of the Group increased by approximately RMB111.3 million or 5.3% from approximately RMB2,114.0 million as at 31 December 2019 to approximately RMB2,225.3 million as at 31 December 2020.

For liquidity risk management, the Company monitors and maintains a level of cash and cash equivalent deemed adequate by management of the Company to finance its operations and mitigate the effects of fluctuations in cash flows. As at the Latest Practicable Date, the Company maintained approximately 25.6% and 74.4% of its deposits with RPG Finance and independent commercial banks respectively. According to the Company's annual reports for the years ended 31 December 2019 and 31 December 2020, the Group recorded a significant

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growth in cash and cash equivalents, with balances of approximately RMB55.5 million, RMB198.1 million and RMB280.3 million as at 31 December 2018, 31 December 2019 and 31 December 2020 respectively.

(ii) Information on RPG Finance

RPG Finance is a joint stock company incorporated in the PRC with limited liability on 20 May 2016 with a registered capital of RMB1 billion. It is licensed by CBIRC as a non-banking financial institution to provide deposit, settlement and other financial services in the PRC and its operation is subject to the ongoing supervision of CBIRC. According to the Administration Measures on Finance Companies within Group Enterprise (《企業集團財務公司管理辦法》) and other relevant regulations promulgated by PBOC and CBIRC, non-banking financial institutions are required to comply with applicable regulations and policies relating to interest rate promulgated by PBOC and CBIRC. Furthermore, finance companies within group enterprises are permitted under applicable PRC laws and regulations to provide financial services to enterprises within the same parent group only. Therefore, RPG Finance is only permitted to provide deposit, settlement and other financial services to Rizhao Port Group and its subsidiaries/affiliated companies, including the Company.

As at the Latest Practicable Date, RPG Finance was held as to 60% by Rizhao Port Group, the ultimate holding company and a controlling shareholder of the Company, and 40% by Rizhao Port, the immediate holding company and a controlling shareholder of the Company.

The following table sets out the key audited financial information of RPG Finance, as extracted from its audit report for the year ended 31 December 2020, which was prepared in accordance with the generally accepted accounting principles in the PRC:

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net interest income	155,245	143,537
Net handling fee and commission income	1,657	550
Profit after taxation	133,528	87,248

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	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Assets		
Loans and receivables	2,732,070	2,927,427
Cash and bank balances	899,374	1,284,526
Other assets	556,047	533,697
	4,187,491	4,745,650
Liabilities		
Deposits received	2,614,118	3,485,212
Borrowings	200,000	–
Other liabilities	11,840	12,433
	2,825,958	3,497,645
Net assets	1,361,533	1,248,005

For the year ended 31 December 2020, RPG Finance recorded profit after tax of approximately RMB133.5 million (2019: RMB87.2 million). As at 31 December 2020, RPG Finance had total assets of approximately RMB4,187.5 million (2019: RMB4,745.7 million), of which approximately RMB899.4 million (2019: RMB1,284.5 million) was cash and bank balances. The total liabilities of RPG Finance were approximately RMB2,826.0 million as at 31 December 2020 (2019: RMB3,497.6 million), of which approximately RMB2,614.1 million (2019: RMB3,485.2 million) was deposits received from members of Rizhao Port Group. As at 31 December 2020, the net assets of RPG Finance amounted to approximately RMB1,361.5 million (2019: RMB1,248.0 million).

As a financial institution regulated by the CBIRC, RPG Finance is required to operate in compliance with Administration Measures on Finance Companies within Group Enterprise (《企業集團財務公司管理辦法》) and Implementation Measures of the CBIRC on Administrative Licensing on Non-bank Financial Institutions (《中國銀保監會非銀行金融機構行政許可事項實施辦法》) (collectively, the “Measures”) to prevent possible financial risk, including credit risk. We were given to understand from management of the Company that PRG Finance has no material breach of the Measures since its establishment in 2016.

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As mentioned before, RPG Finance is permitted to provide deposit, settlement and other financial services to members of Rizhao Port Group only. Serving only the members of Rizhao Port Group would also reduce the credit and business risks of RPG Finance.

Having considered the financial position of RPG Finance and historical compliance record of RPG Finance for rules and regulations applicable to non-banking financial institutions in the PRC, we concur with the view of the Directors that RPG Finance is an appropriate service provider for providing the Financial Services to the Group.

2. Exceeding of 2020 Annual Cap and the Ratification

As set out in the Letter from the Board, in the course of finalising the annual report of the Company for the year ended 31 December 2020, the Company discovered in March 2021 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 million, which exceeded the 2020 Annual Cap of RMB130.0 million. 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 services provided by the Group 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. The daily amount of deposits placed by the Company with RPG Finance exceeded the 2020 Annual Cap for a total of 35 days during the year ended 31 December 2020.

We understand from management of the Company that in order to prevent similar events in the future, the Company has implemented additional internal control measures as detailed in the section headed "6. Enhanced internal control measures" below, since 1 April 2021, to strengthen the reporting and documentation systems of the Company.

Given that (i) the transactions contemplated under the Financial Service Framework Agreement were conducted in the ordinary and usual course of business of the Group and on normal commercial terms, details of our opinion on which are set out in the section headed "4. Principal terms of the Amended Financial Service Framework Agreement" below; and (ii) the Company has adopted enhanced internal control measures as soon as practicable after the discovery of the 2020 Transaction Amount exceeded the 2020 Annual Cap, we consider that the Ratification, which is the only available remedial action that can be undertaken by the Board at this time, is fair and reasonable.

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3. Reasons for entering into the Supplemental Agreement and the revision of the original annual caps

In its ordinary course of business, the Company transacts with various subsidiaries/affiliated companies of Rizhao Port Group from time to time. Such subsidiaries/affiliated companies generally maintain settlement accounts with RPG Finance. Management of the Company considers that the centralized maintenance of deposits by the Company with RPG Finance will facilitate clearance with other members of Rizhao Port Group, reduce the processing time and is generally more administratively efficient than settlement through independent banks.

The Company has been maintaining deposits with, and using settlement services of, RPG Finance during its ordinary and usual course of business since May 2019. The Directors consider that RPG Finance can provide Financial Services in support of the Company's treasury activities and development. Therefore, the Company and RPG Finance entered into the Financial Service Framework Agreement on 27 March 2020 to renew the terms of the transactions in relation to the Financial Services provided by RPG Finance. The entering into of the Financial Service Framework Agreement and annual caps thereof were approved by the Independent Shareholders at the annual general meeting of the Company held on 18 May 2020.

Pursuant to the Financial Service Framework Agreement, the terms of the Financial Services, including the deposit interest rate, shall be no less favourable than those offered by independent commercial banks to the Company for comparable deposits of comparable periods. The Financial Service Framework Agreement does not preclude the Company from using the services of other banks or financial institutions. The Company has the right to select any other major and independent PRC commercial banks as its financial service providers as it, from time to time, thinks fit and appropriate for the benefit of the Company.

Given that (i) the Company has a practical need for the Financial Services to facilitate its business in the ordinary and usual course of business; (ii) RPG Finance is a financial institution in the PRC approved by the CBIRC to provide the Financial Services only to Rizhao Port Group and its subsidiaries/affiliated companies, and its operations are subject to the relevant regulations in the PRC; (iii) RPG Finance has been providing the Financial Services to the Company from time to time and the Company is satisfied with its quality of services; (iv) the entering into of the Amended Financial Service Framework Agreement shall not limit the Company's choice of banks or financial institutions for any financial services and the Company is free to make its selection of service provider based on the interest rates and/or other criteria as it thinks fit; and (v) the Financial Services to be offered by RPG Finance shall be in terms no less favourable to the Company than those offered by independent banks/financial institutions, we consider that the transactions contemplated under the Amended Financial Service Framework Agreement are normal commercial transactions conducted in the ordinary and usual course of business of the Company, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

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In view of (i) the higher-than-expected 2020 Transaction Amount; (ii) the significant increase in cash inflow from operating activities of the Group for the year ended 31 December 2020; (iii) the expected growth in the Group's business and revenue for the two years ending 31 December 2022; and (iv) the possible re-occurrence of the concentration of customer receipts in the year-end and month-end periods, the Directors are of the view that the original annual caps may be insufficient to cover the Group's needs of the Financial Services from RPG Finance for the two years ending 31 December 2022. Therefore, the Company entered into the Supplemental Agreement, on 1 April 2021, with RPG Finance to revise the original annual caps for the Financial Services for the years ending 31 December 2021 and 2022.

We also consider that the revision of the original annual caps is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole, having taken into account the 2020 Transaction Amount and the expected increasing demand and practical needs of the Financial Services to be provided by RPG Finance to the Company.

4. Principal terms of the Amended Financial Service Framework Agreement

Pursuant to the Financial Service Framework Agreement, RPG Finance agreed to provide the Financial Services, including deposit services and settlement services, to the Company from the conclusion of the Company's 2019 annual general meeting held on 18 May 2020 to 31 December 2022 (both dates inclusive), subject to early termination by either party giving at least 6 months' prior written notice to the other party. Parties to the Financial Service Framework Agreement 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. 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. Save for the revision of the original annual caps for the years ending 31 December 2021 and 2022, all other terms and conditions of the Financial Service Framework Agreement remain unchanged.

Under the Amended Financial Service Framework Agreement, the interest rates applicable to any deposit made available to the Company by RPG Finance shall be determined in accordance with the rates published by the PBOC and shall not be lower than the interest rates offered by independent commercial banks for comparable deposits of comparable periods while the settlement services provided by RPG Finance will be free of charge. The terms of the Financial Services shall also be no less favourable than those offered by independent commercial banks to the Company for comparable services. The Company has the discretionary power of deciding the amount of deposit to be deposited with RPG Finance, subject to a maximum daily balance of deposits of RMB180 million.

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We were given to understand from management of the Company that deposits placed with RPG Finance mainly include current account deposits and call deposits. During the period from the effective date of the Financial Service Framework Agreement to the Latest Practicable Date, only one call deposit was placed with RPG Finance, whereas deposits into, and withdrawals from, the current account were made by the Company from time to time to facilitate its daily operation. We noted that the interest rate of current account deposits with RPG Finance was the same throughout the period under review. We have reviewed (i) the quotation from RPG Finance and the interest rates published in the websites of three independent banks in the PRC for call deposits with the same deposit period at the relevant time; and (ii) the interest rate of the current account deposits placed with RPG Finance and those published in the websites of three independent banks in the PRC in respect of current account deposits, and noted that the interest rates offered by RPG Finance were no less favourable than those offered by other banks in the PRC and in compliance with the relevant interest rate policies imposed by PBOC for similar type of deposits at the relevant time.

Having considered that (i) the interest rates of deposits offered by RPG Finance to the Company were no less favourable than those offered by independent third parties at the relevant time; (ii) the settlement services to be provided by RPG Finance to the Company shall be free of charge; (iii) the Company is at its own discretion to decide the amount of deposit to be placed with RPG Finance; and (iv) the Amended Financial Service Framework Agreement does not preclude the Company from using the services of other banks/financial institutions, we consider that the terms of the Amended Financial Service Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

5. The Revised Annual Caps

Pursuant to the Amended Financial Service Framework Agreement, the maximum daily balance of deposits to be deposited by the Company with RPG Finance and interest income therefrom for each of the two years ending 31 December 2022 shall not exceed RMB180 million and RMB3 million respectively. The Revised Annual Caps were determined based on arm's length negotiation between the parties to the Amended Financial Service Framework Agreement, taking into account (i) the 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) the expected increase in settlement needs resulting from the increase in operating income of the Company.

To assess whether the Revised Annual Caps are fair and reasonable, we have discussed with management of the Company the determination basis for the Revised Annual Caps, including the historical figures for the deposit services and the cash positions of the Company.

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(i) Historical figures

The historical figures of the maximum daily balance of deposits placed by the Company with RPG Finance and the interest income therefrom during the years ended 31 December 2018, 2019 and 2020, the 2020 Annual Cap and the Revised Annual Caps are set out as follows:

	Historical figures			Annual cap For	Revised Annual Caps	
	For the year ended 31 December			the year ended	For the year ending 31 December	
	2018	2019	2020	31 December	2021	2022
	RMB'000	RMB'000	RMB'000	2020	RMB'000	RMB'000
				RMB'000		
Maximum daily balance of deposits	135,313	227,207	161,205	130,000	180,000	180,000
Interest income	851	440	874	900	3,000	3,000
Settlement service	-	-	-	-	-	-

As shown in the above table, the historical figures of maximum daily balance of deposits placed by the Company with RPG Finance increased from approximately RMB135.3 million for the year ended 31 December 2018 to approximately RMB227.2 million for the year ended 31 December 2019, which was mainly due to the deposit of the proceeds from its global offering by the Company with RPG Finance to satisfy the settlement needs for the acquisition and reconstruction of West-6 berth. Following the settlement of the acquisition cost of West-6 berth, the maximum daily balance of deposits placed by the Company with RPG Finance decreased to approximately RMB161.2 million for the year ended 31 December 2020.

(ii) Cash positions of the Company

According to the Company's annual reports for the years ended 31 December 2019 and 2020, the Group had cash and cash equivalents of approximately RMB55.5 million, RMB198.1 million and RMB280.3 million as at 31 December 2018, 31 December 2019 and 31 December 2020 respectively. The Company maintained cash deposits of approximately RMB55.5 million, RMB86.6 million and RMB128.0 million with RPG Finance as at 31 December 2018, 31 December 2019 and 31 December 2020 respectively, which accounted for approximately 100.0%, 43.7% and 45.7% of the total cash and cash equivalents of the Group as at 31 December 2018, 31 December 2019 and 31 December 2020 respectively.

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We understand from management of the Company that the Company may not place all of its available cash with RPG Finance so as to achieve risk diversification and to maintain business relationships with other banks. However, the Company considers that it is reasonable to determine the Revised Annual Caps with reference to the overall bank balance of the Company, and to cover the daily bank balance of the Company for catering any unexpected fluctuation in bank balance.

Given that the Revised Annual Caps is set to accommodate the maximum daily balance of deposit to be placed with RPG Finance and interest income therefrom for the two years ending 31 December 2022, we consider that it is justifiable to use the average maximum daily balance of deposits placed with RPG Finance for the three years ended 31 December 2020 of approximately RMB174.6 million as a benchmark in setting the Revised Annual Caps for maximum daily balance of deposits. Based on the 7-day call deposit interest rate of 1.35% per annum published by the PBOC, the maximum annual interest income to be derived from the maximum daily deposits of RMB180 million would be approximately RMB2.43 million. We were told by management of the Company that a buffer of approximately 20% was added in determining the Revised Annual Caps for interest income in order to cater for any unforeseeable increase in interest rates.

Having considered that (i) the average maximum daily balance of deposits placed by the Company with RPG Finance amounted to approximately RMB174.6 million for the three years ended 31 December 2020; (ii) the Revised Annual Caps in respect of maximum daily balance of deposits only represent the highest daily amount that the Company may place with RPG Finance and there are no obligations for the Company to deposit such amounts with RPG Finance; (iii) it is commercially justifiable for the Company to have a greater flexibility in selecting deposit service providers to earn a potentially higher return; and (iv) the terms of the Financial Services are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned as detailed in the section headed “4. Principal terms of the Amended Financial Service Framework Agreement” above, we consider that the Revised Annual Caps proposed by the Directors are fair and reasonable so far as the Independent Shareholders are concerned.

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6. Enhanced internal control measures

We understand from management of the Company that in order to ensure the financial services contemplated under the Financial Service Framework Agreement were conducted on normal commercial terms and would not be prejudicial to the interests of the Company and the Shareholders as a whole, the Company had established various internal control measures for the Financial Services. According to the Company's policy, before making the deposits with RPG Finance, finance department of the Company would obtain quotations from three commercial banks in the PRC independent of the Company regarding similar deposit services and compare the interest rate offered by RPG Finance with those offered by other banks and the minimum interest rate prescribed by PBOC at such relevant time. Finance department of the Company would also check with the ledger balance and online records, which recorded, among others, the outstanding balance of deposits placed by the Company with RPG Finance, to ensure that the maximum daily balance of deposits placed by the Company with RPG Finance would not exceed the annual caps. The rates and the decision of making any deposit with RPG Finance would be reviewed and approved by the finance director of the Company. Furthermore, regular checks would be conducted quarterly by the officers of the finance department of the Company to assess whether the financial services were conducted in accordance with the terms of the relevant financial services agreement and the policy of the Company. The auditors of the Company would also conduct an annual review on the transactions.

As set out in the Letter from the Board, 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 event in the future, the Company has taken the following additional internal control measures to strengthen the reporting and documentation systems of the Company:

- (a) The Company will continue to sort out the framework agreements, including the Amended Financial Service Framework 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 Amended Financial Service Framework Agreement;
- (b) The Company's finance department will closely monitor the actual transaction amounts under the Amended Financial Service Framework 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 department 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;

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- (c) The Company's finance department will review the transactions entered into under the Amended Financial Service Framework 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 Amended Financial Service Framework 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 Amended Financial Service Framework Agreement in accordance with the Listing Rules; and
- (f) The internal audit department 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.

We have obtained and reviewed the internal control policy in respect of the provision of Financial Services to the Company adopted on 1 April 2021, detailing the enhanced measures for conducting the transactions contemplated under the Amended Financial Service Framework Agreement going forward, and had discussions with management of the Company the abovementioned enhanced internal control measures. Having discussed with management of the Company the enhanced internal control procedures as set out above, we concur with the Directors' view that the enhanced internal control procedures adopted by the Company for the purpose of monitoring the Revised Annual Caps going forward are adequate.

We were also given to understand that the Company would monitor the risk associated with the Financial Services by assessing the financial position of RPG Finance regularly with reference to the monthly management accounts and annual audited financial statements of RPG Finance and other supervision reports submitted to the relevant regulatory bodies by RPG Finance.

Having considered the internal control measures implemented by the Company and the fact that RPG Finance is a regulated non-bank financial institution subject to the regulations of the PBOC and the CBIRC, we concur with the Directors' view that (i) adequate internal control measures have been, and shall be, implemented by the Company to ensure the terms of the Financial Services offered by RPG Finance shall not be less favourable to the Company than those offered by independent third parties; and (ii) appropriate procedures have been implemented to assess the risks associated with the Financial Services and the interests of the Shareholders under the Financial Services will be well protected although RPG Finance is not a licensed bank in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons stated above, we consider that (i) the Ratification is in the interests of the Company and the Shareholders as a whole; and (ii) the Financial Services contemplated under the Amended Financial Service Framework Agreement are conducted in the ordinary and usual course of business of the Company and the terms of the Amended Financial Service Framework Agreement, including the Revised Annual Caps, are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we ourselves also recommend the Independent Shareholders, to vote in favor of the resolutions to be proposed at the EGM to approve the Rectification, the Supplemental Agreement and the Revised Annual Caps thereof.

Yours faithfully,

For and on behalf of

Crescendo Capital Limited

Amilia Tsang

Managing Director

Helen Fan

Director

Notes:

1. *Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 15 years of experience in corporate finance.*
2. *Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 13 years of experience in corporate finance.*

1. FINANCIAL RESULTS OF THE COMPANY

Details of the audited financial results of the Company for each of the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.rzportjurong.com>) in the following documents:

- (a) for the year ended 31 December 2018, on pages I-4 to I-47 of the Prospectus released on 31 May 2019 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0531/ltn20190531033.pdf>;
- (b) for the year ended 31 December 2019, on pages 67 to 139 of the annual report of the Company for the year ended 31 December 2019 released on 31 March 2020 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0331/2020033101842.pdf>; and
- (c) for the year ended 31 December 2020, on pages 66 to 135 of the annual report of the Company for the year ended 31 December 2020 released on 30 March 2021 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0330/2021033000925.pdf>.

There was no qualified opinion issued for the audited financial results of the Company for the last three financial years.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2021, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Company's indebtedness are as follows:

- (a) unaudited outstanding interest-bearing bank loan and other borrowings are NIL.
- (b) unaudited outstanding lease liabilities are approximately RMB207,684,639.64.

Save as disclosed in this circular and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 May 2021, the Company did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any mortgages or charges or any other contingent liabilities or guarantees.

3. WORKING CAPITAL

Taking into account the effect of the transactions contemplated under the Supplemental Agreement and the present internal financial resources available to the Company, including cash and bank balances as well as the available banking facilities, the Directors are of the opinion that, the Company has sufficient working capital for its requirements for at least 12 months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Company since 31 December 2020, the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE COMPANY

With the economic and social development of the PRC and the improvement of the level of production and consumption by residents in the PRC, the consumption of feed and industrial conversion grain continues to increase, the total grain consumption increases rigidly, and the grain consumption structure continues to upgrade. In the future, imports of maize, wheat, sorghum and other grains will be diversified. To this end, the Company will focus on the following tasks:

1. Increasing market development

The production capacity improvement plan of hinterland enterprises, the empowerment of the policy of integration of port, industry and city, and the development strategy of river-sea linkage have opened up new growth space for the Company's continuous increase of grain varieties. The Company will seize the opportunities brought by the industry's new production capacity, will actively expand new cargo types, new customers and new hinterland, and will increase the market development of maize, sorghum, wheat, peas and other agricultural products.

2. Deeply cultivating the grain business and expanding the hinterland market

The Company will deepen the cooperation with strategic customers, expand the scale of grain transfer, expand the soybean market in the hinterland of Sichuan, Gansu and Shaanxi. The Company will take advantage of the railway, customise the railway logistics plan, and develop the central and western maize markets, such as Sichuan, Guizhou and Chongqing to maintain the continuous increase in the throughput of maize and build a distribution base for imported maize in the northern China.

3. Expanding the development of new space

Leveraging on the leading edge of grain business, the Company will expand the room for development of grain business. Through enhancing the efficiency of resources, the Company aims to realize specialized operation and integrated development, and expand the scale of grain business in Rizhao Port.

4. Persisting in smart green and efficient and clean production

The Company will innovate the production organization model, make plans for berthing and storage, and improve the comprehensive utilization rate of berths. The Company will analyse the pattern of silo and yard storage, implement yard quota management and develop storage capacity outside the port to increase cargo turnover and improve equipment support capabilities. The Company aims to give full play to the environmental protection and high efficiency advantages of process equipment to realize smart green production.

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, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company and their respective associates had any interests and/or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations which are 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 and/or short positions which they have taken or which they are deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules.

As at the Latest Practicable Date, none of the other Directors, Supervisors and chief executive was a director, supervisor or employee of a company which had an interest or short position in the shares and 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.

3. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, the following Directors and Supervisor is a director, supervisor or employee of the following companies, each of which has interests or short positions in the Shares and underlying Shares of equity derivatives or debentures 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:

- (a) Mr. Wang Yufu, the chairman and non-executive Director, is the deputy general manager and member of party committee of Rizhao Port Group.

- (b) Mr. Ooi Boon Hoe, a non-executive Director, is the chief executive officer and director of Jurong Port.
- (c) Mr. Pay Cher Wee, a non-executive Director, is the chief financial officer of Jurong Port.
- (d) Mr. Li Weiqing, a Supervisor, is the director of legal audit department of Rizhao Port Group.
- (e) Mr. Tham Wai Kong, a Supervisor, is the legal and company secretariat of Jurong Port.

4. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or controlling shareholders (as defined in the Listing Rules) and their respective close associates was interested in any business apart from the Company's business which competes or is likely to compete, either directly or indirectly, with the Company's businesses.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with the Company (excluding contracts expiring or terminable by the employer within a year without payment of any compensation (other than statutory compensation)).

6. INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE COMPANY

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting at the date of this circular, which is significant in relation to the business of the Company.

7. EXPERT'S QUALIFICATION AND CONSENT

- (a) The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Crescendo Capital Limited	a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity

- (b) As at the Latest Practicable Date, Crescendo Capital Limited did not have any shareholding in the Company nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.
- (c) Crescendo Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and opinion dated 13 July 2021 and reference to its name in the form and context in which they appear.
- (d) The letter and recommendation given by Crescendo Capital Limited are given as at the date of this circular for incorporation herein.
- (e) As at the Latest Practicable Date, Crescendo Capital Limited has no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up.

8. LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation or claims of material importance, and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Company.

9. GENERAL

- (a) The English text of this circular shall prevail over the Chinese text.
- (b) The joint company secretaries of the Company are Mr. Zheng Shiqiang and Ms. Kwan Sau In. Mr. Zheng obtained his bachelor's degree in economics from China University of Mining and Technology (中國礦業大學) in July 1992 and after graduation, he participated in a Postgraduate training course of Shandong University on industrial economics. Mr. Zheng was recognized as accountant in 1998 and senior economist by Human Resources and Social Security Department of Shandong Province in 2006. Ms. Kwan has over seven years of experience in the corporate secretarial field. She is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and obtained a bachelor's degree of business administration in corporate administration.
- (c) The registered office of the Company is situated at South End, Haibin 5th Road, Rizhao City, Shandong Province, the PRC. The principal place of business of the Company is at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.
- (d) The H Share registrar of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by the Company within two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) the underwriting agreement dated 29 May 2019 entered into by, among others, the Company, Rizhao Port, Rizhao Port Group, Jurong Port, Jurong Port Holding, the Sole Representative (as defined in the Prospectus) and the Hong Kong Underwriters (as defined in the Prospectus) relating to the offer of the H Shares by the Company for subscription by the public in Hong Kong at the Offer Price (as defined in the Prospectus);
- (b) the cornerstone investment agreement dated 24 May 2019 entered into between the Company, China Securities (International) Corporate Finance Company Limited and Penavico & CL (Hong Kong) Co., Limited, pursuant to which Penavico & CL (Hong Kong) Co., Limited has agreed to subscribe for 105,990,000 Offer Shares (as defined in the Prospectus) at the Offer Price (as defined in the Prospectus);

- (c) the cornerstone investment agreement dated 24 May 2019 entered into between the Company, China Securities (International) Corporate Finance Company Limited and Yankuang Group (Hong Kong) Limited, pursuant to which Yankuang Group (Hong Kong) Limited has agreed to subscribe for 50,000,000 Offer Shares (as defined in the Prospectus) at the Offer Price (as defined in the Prospectus); and
- (d) the cornerstone investment agreement dated 23 May 2019 entered into between the Company, China Securities (International) Corporate Finance Company Limited and Shanghai Guhui Industrial Co., Ltd. (上海谷匯實業有限公司), pursuant to which Shanghai Guhui Industrial Co., Ltd. has agreed to subscribe for 44,000,000 Offer Shares (as defined in the Prospectus) at the Offer Price (as defined in the Prospectus).

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the following documents will be made available for inspection at the Company's principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong during normal business hours on any weekday (except for public holidays) up to the date which is 14 days from the date of this circular:

- (a) the Supplemental Agreement;
- (b) the articles of association of the Company;
- (c) the letter from the Board dated 13 July 2021, the text of which is set out on pages 1 to 11 of this circular;
- (d) the letter from the Independent Board Committee dated 13 July 2021, the text of which is set out on pages 12 to 13 of this circular;
- (e) the letter from the Independent Financial Adviser dated 13 July 2021, the text of which is set out on pages 14 to 29 of this circular;
- (f) the Prospectus;
- (g) the annual reports of the Company for the two years ended 31 December 2020;

- (h) the letter of consent from the Independent Financial Adviser dated 13 July 2021 referred to in the paragraph headed “7. Expert’s Qualification and Consent” in this appendix;
- (i) the material contracts referred to in the paragraph headed “10. Material Contracts” in this appendix; and
- (j) each of the circular issued by the Company pursuant to the requirements set out in Chapters 14 and 14A of the Listing Rules which has been issued since 31 December 2020, being the date of the latest audited accounts of the Company, including this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“EGM”) of Rizhao Port Jurong Co., Ltd. (the “Company”) will be held at 10:00 a.m. on Friday, 27 August 2021 at the Office Building of Rizhao Port Jurong Co., Ltd. for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 13 July 2021 in relation to the EGM:

ORDINARY RESOLUTIONS

1. To consider, approve and ratify that the 2020 Transaction Amount under the Financial Service Framework Agreement had exceeded the 2020 Annual Cap as approved by the then independent shareholders of the Company at the 2019 annual general meeting of the Company held on 18 May 2020; and to authorise the directors of the Company to do all such acts and things incidental to the Financial Service Framework Agreement as they consider necessary, desirable, or expedient in connection with the implementation of or giving effect to the Financial Service Framework Agreement and the transactions contemplated thereunder.
2. To consider and approve the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

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

Rizhao, the PRC, 13 July 2021

As at the date of this notice, the board of directors of the Company comprises Mr. Wang Yufu as Chairman and non-executive director of the Company; Mr. Zhang Feng as the executive director of the Company; Mr. Pay Cher Wee, Mr. Ooi Boon Hoe, Mr. Jiang Zidan and Mr. Chen Lei as non-executive directors of the Company; and Mr. Zhang Zixue, Mr. Wu Xibin and Mr. Lee Man Tai as the independent non-executive directors of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. All votes of resolutions at the EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rzportjurong.com) in accordance with the Listing Rules.
2. In order to determine the holders of H Shares who will be entitled to attend the EGM, the register of members of the Company will be closed from Wednesday, 28 July 2021 to Friday, 27 August 2021 (both days inclusive), during which period no transfer of H Shares will be registered. In order for the holders of H Shares to qualify for attending the EGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Tuesday, 27 July 2021.
3. Any shareholders entitled to attend and vote at the EGM can appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a shareholder.
4. The instrument appointing a proxy shall be in writing under the hand of the shareholder or of his/her attorney duly authorised in writing or, if the shareholder is a corporation, either under its common seal or under the hand of its directors or an attorney duly authorised in writing to sign the same. If that instrument is signed by an attorney of the shareholder, the power of attorney authorising the attorney to sign, or other authorisation documents shall be notarised. The aforementioned documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the office of the Board at South End, Haibin 5th Road, Rizhao City, Shandong Province, the PRC (for holders of Domestic Shares) not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. If a proxy attends the EGM on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her legal representative, which specifies the date of its issuance. If a representative of a corporate shareholder attends the EGM, such representative shall produce his/her identification document and the notarised copy of the resolution passed by the board of directors or other authority or other notarised copy of any authorisation documents issued by such corporate shareholder.
6. The contact of the Company:

Address: South End, Haibin 5th Road, Rizhao City, Shandong Province, the PRC
Telephone: +86 0633 7381 569
Fax: +86 0633 7381 530
7. The EGM is expected to last for no more than half a day. Shareholders who attend the EGM (in person or by proxy) shall bear their own travelling and accommodation expenses.