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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 2022 – 2024 FINANCIAL SERVICE FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 27 March 2020 and 1 April 2021 and the circular of the Company dated 15 April 2020 and 13 July 2021 in relation to, among others, the financial service framework agreement dated 27 March 2020 and the financial service supplemental framework agreement dated 1 April 2021 entered into by the Company with RPG Finance.

On 28 October 2022 (after trading hours), the Company entered into the 2022 – 2024 Financial Service Framework Agreement with QDP Finance, pursuant to which QDP Finance agreed to provide deposit and settlement services to the Company for a term commencing on the Effective Date and ending on 31 December 2024.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, QDP Finance is directly held as to (i) 70% by Qingdao Port International, which is in turn held as to approximately 55.77% by Qingdao Port Group; and (ii) 30% by Qingdao Port Group, and Qingdao Port Group is a wholly-owned subsidiary of Shandong Port Group, a controlling shareholder of the Company. Accordingly, QDP Finance is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules.

As the highest of all applicable percentage ratios in respect of the Proposed Annual Caps under the 2022 – 2024 Financial Service Framework Agreement is more than 25% on an annual basis, the entering into of the 2022 – 2024 Financial Service Framework 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.

## **GENERAL**

The Company has established an Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in connection with the 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder, and as to how to vote at the EGM.

Gram Capital has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

As at the date of this announcement, Shandong Port Group and its associates are interested in 840,000,000 Domestic Shares, representing approximately 50.6% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolution approving the 2022 – 2024 Financial Service Framework Agreement, the Proposed 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 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) details of the 2022 – 2024 Financial Service Framework Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM with the proxy form will be dispatched to the Shareholders. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be dispatched to the Shareholders on or before 15 December 2022.

Reference is made to the announcement of the Company dated 27 March 2020 and 1 April 2021 and the circular of the Company dated 15 April 2020 and 13 July 2021 in relation to, among others, the 2020 – 2022 Financial Service Framework Agreement and the 2021 Supplemental Agreement.

On 28 October 2022 (after trading hours), the Company entered into the 2022 – 2024 Financial Service Framework Agreement with QDP Finance, pursuant to which QDP Finance agreed to provide deposit and settlement services to the Company.

## **2022 – 2024 FINANCIAL SERVICE FRAMEWORK AGREEMENT**

The principal terms of the 2022 – 2024 Financial Service Framework Agreement are set out as follows:

### **Date**

28 October 2022

### **Parties**

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

### **Nature of transaction**

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

## **Term**

The term of the 2022 – 2024 Financial Service Framework Agreement will commence on the Effective Date and ending on 31 December 2024, 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 2022 – 2024 Finance Service Framework Agreement is conditional upon (i) the resolutions regarding the 2022 – 2024 Finance Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder being approved by the Independent Shareholders at the EGM and (ii) QDP Finance obtaining the approval of CBIRC on the absorption and merger of QDP Finance and RPG Finance.

## **Pricing policy**

The deposit interest rates are determined in accordance with the rates published by the PBOC and are not lower than 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 QDP Finance is free of charge.

## **Termination of 2020 – 2022 Financial Service Framework Agreement**

The 2020 – 2022 Financial Service Framework Agreement (as amended by the 2021 Supplemental Agreement) will be terminated with effect from the date of dissolution and deregistration of RPG Finance.

## HISTORICAL AMOUNTS

The Company and QDP Finance did not conduct any similar transactions as those under the 2022 – 2024 Financial Service Framework Agreement in the past. Set out below are the historical transaction amounts with RPG Finance in relation to the deposit and settlement services for the years ended 31 December 2019, 2020 and 2021, and for the period from 1 January 2022 to the date of this announcement:

Transaction	For the years ended 31 December			For the period from 1 January 2022 to the date of this announcement
	2019	2020	2021	
	<i>(RMB in thousands)</i>			
Maximum daily balance of deposits	227,207	161,205	176,400	177,071
Interest income	440	874	2,734	2,678
Settlement service	0	0	0	0

## PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

The following table sets forth the Proposed Annual Caps for the transactions contemplated under the 2022 – 2024 Financial Service Framework Agreement:

Transaction	From the Effective Date to 31 December 2022	For the years ending 31 December 2023	2024
		<i>(RMB in thousands)</i>	
Maximum daily balance of deposits	350,000	360,000	370,000
Interest income	600	7,000	7,500
Settlement service	0	0	0

The Proposed Annual Caps were estimated based on (i) historical daily deposit balance with RPG Finance for the years ended 31 December 2019, 2020 and 2021, and for the period from 1 January 2022 to the date of this announcement; (ii) the banking facilities the Company expects to obtain; and (iii) the increase in expected settlement needs resulting from the increase in operating income of the Company.

## **INFORMATION OF THE PARTIES**

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

QDP Finance, is a non-banking financial institution established in the PRC on 22 July 2014 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 accordance with the laws and regulations of the PRC, finance companies within group enterprises are only permitted to provide financial services to enterprises within the same parent group. Therefore, QDP Finance is principally engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services to Shandong Port Group and its member companies, including the Company.

As at the date of this announcement, QDP Finance is directly held as to (i) 70% by Qingdao Port International, which is in turn held as to approximately 55.77% by Qingdao Port Group; and (ii) 30% by Qingdao Port Group. Qingdao Port International is a joint stock company established in the PRC with limited liability whose H shares are listed on the Main Board of the Stock Exchange (stock code: 6198) and A shares are listed on the Main Board of Shanghai Stock Exchange (stock code: 601298). Qingdao Port Group is a wholly-owned subsidiary of Shandong Port Group, which is a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022 – 2024 FINANCIAL SERVICE FRAMEWORK AGREEMENT**

In January 2022, Shandong Port Group, Qingdao Port International, QDP Finance, Rizhao Port and RPG Finance entered into an absorption and merger agreement, pursuant to which, RPG Finance will merge with QDP Finance by way of absorption and merger. Upon completion of the absorption and merger, QDP Finance (as the surviving merging party) shall remain subsisting and undertake and inherit all the assets, liabilities, personnel and businesses of RPG Finance and RPG Finance (as the merged party) will be dissolved and deregistered. Hence, QDP Finance will be the only non-banking financial institution within Shandong Port Group to provide deposit, settlement and other financial services to Shandong Port Group and its subsidiaries/affiliated companies, including the Company.

In the ordinary course of business of the Company, the Company transacts with various subsidiaries/affiliated companies of Shandong Port Group, which have maintained or will maintain settlement accounts with QDP Finance. The centralised maintenance of deposits by the Company with QDP Finance will facilitate clearing with other members of Shandong Port Group, reduce the processing time and is generally more administratively efficient than settlement through independent banks. In addition, QDP Finance has undertaken that the deposit interest rates are determined in accordance with the rates published by the PBOC and are not lower than the market rates provided by independent commercial banks, which is conducive to safeguarding Shareholders' interests and achieving win-win cooperation. Accordingly, the Company entered into the 2022 – 2024 Financial Service Framework Agreement to procure deposit and settlement services from QDP Finance.

The terms of the 2022 – 2024 Financial Service Framework 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 Gram Capital) have confirmed that the terms of the 2022 – 2024 Financial Service Framework Agreement (including the Proposed 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 2022 – 2024 Financial Service Framework Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolutions approving the 2022 – 2024 Financial Service Framework Agreement and the transactions contemplated thereunder.

## INTERNAL CONTROL MEASURES

The Company has established the following internal control measures to ensure that the pricing mechanism and the terms of the continuing connected transactions contemplated under the 2022 – 2024 Financial Service Framework Agreement are fair and reasonable and no less favourable than those offered by the Independent Third Parties:

- (a) The Company's finance office will closely monitor the actual transaction amounts under the 2022 – 2024 Financial Service Framework Agreement on a daily basis. If the actual transaction amount reaches approximately 85% of the Proposed 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;
- (b) The Company's finance office will review the transactions entered into under the 2022 – 2024 Financial Service Framework Agreement on a quarterly basis and report to the Company's audit committee and the Board to ensure that the Proposed Annual Caps under the 2022 – 2024 Financial Service Framework Agreement will not be exceeded;
- (c) 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 2022 – 2024 Financial Service Framework Agreement and pricing policies;
- (d) The Company's auditors and independent non-executive Directors will conduct annual review on the transactions entered into under the 2022 – 2024 Financial Service Framework Agreement in accordance with the Listing Rules;
- (e) 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;
- (f) Prior to making a deposit with QDP Finance, the Company's finance office will obtain quotations for similar deposit services from three PRC commercial banks independent of the Company and compare the interest rates offered by QDP Finance with that provided by other banks and the minimum interest rates prescribed by the PBOC at the relevant time; and
- (g) The interest rate and the decision to place any deposit with QDP Finance will be reviewed and approved by the financial director of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, QDP Finance is directly held as to (i) 70% by Qingdao Port International, which is in turn held as to approximately 55.77% by Qingdao Port Group; and (ii) 30% by Qingdao Port Group, and Qingdao Port Group is a wholly-owned subsidiary of Shandong Port Group, a controlling shareholder of the Company. Accordingly, QDP Finance is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules.

As the highest of all applicable percentage ratios in respect of the Proposed Annual Caps under the 2022 – 2024 Financial Service Framework Agreement is more than 25% on an annual basis, the entering into of the 2022 – 2024 Financial Service Framework 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.

## **GENERAL**

The Company has established an Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in connection with the 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder, and as to how to vote at the EGM.

Gram Capital has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

As at the date of this announcement, Shandong Port Group and its associates are interested in 840,000,000 Domestic Shares, representing approximately 50.6% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolution approving the 2022 – 2024 Financial Service Framework Agreement, the Proposed 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 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) details of the 2022 – 2024 Financial Service Framework Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM with the proxy form will be dispatched to the Shareholders. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be dispatched to the Shareholders on or before 15 December 2022.

## DEFINITIONS

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

“2020 – 2022 Financial Service Framework Agreement”	the financial service framework agreement dated 27 March 2020 entered into between the Company and RPG Finance
“2021 Supplemental Agreement”	the financial service supplemental framework agreement dated 1 April 2021 entered into between the Company and RPG Finance
“2022 – 2024 Financial Service Framework Agreement”	the financial service framework agreement entered into between the Company and QDP Finance on 28 October 2022, pursuant to which QDP Finance agrees to provide deposit and settlement services to the Company for the term commencing on the Effective Date and ending on 31 December 2024
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under PRC laws
“Effective Date”	the date of fulfillment of the conditions precedent set out in the 2022 – 2024 Financial Service Framework Agreement
“EGM”	the extraordinary general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve the 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“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 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to conduct Type 6 (advising on Corporate Finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed by the Company as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder

“Independent Shareholders”	the Shareholders of the Company who are not required by the Listing Rules to abstain from voting at the EGM on the resolution to approve the 2022 – 2024 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Proposed Annual Caps”	the proposed annual caps for the transactions contemplated under the 2022 – 2024 Financial Service Framework Agreement for the period from the Effective Date to 31 December 2022 and for the two years ending 31 December 2024
“QDP Finance”	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a company established in the PRC with limited liability and held as to 70% by Qingdao Port International and 30% by Qingdao Port Group as at the date of this announcement
“Qingdao Port Group”	Shandong Port Qingdao Port Group Co., Ltd. (山東港口青島港集團有限公司), a company established in the PRC with limited liability, and a wholly-owned subsidiary of Shandong Port Group
“Qingdao Port International”	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability whose H shares are listed on the Main Board of the Stock Exchange (stock code: 6198) and A shares are listed on the Main Board of Shanghai Stock Exchange (stock code: 601298), which is held as to approximately 55.77% by Qingdao Port Group as at the date of this announcement

“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”	Shandong Port Rizhao Port Group Co., Ltd. (山東港口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 established in the PRC with limited liability and held as to 60% by Rizhao Port Group and 40% by Rizhao Port as at the date of this announcement
“Shandong Port Group”	Shandong Port Group Co., Ltd. (山東省港口集團有限公司), a company incorporated in the PRC with limited liability and a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission
“Share(s)”	share (s) of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	the holder (s) of the Share (s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Rizhao Port Jurong Co., Ltd.**  
**Cui Liang**  
*Chairman*

Rizhao, PRC, 28 October 2022

*As at the date of this announcement, the Board comprises Mr. Cui Liang as Chairman and non-executive Director; Mr. Zhang Feng as executive Director; Mr. Chen Lei as non-executive Director; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as independent non-executive Directors.*