
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 and the accompanying form of proxy 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
2025 – 2027 FINANCIAL SERVICE FRAMEWORK AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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 Tuesday, 21 January 2025 at the Office Building of Rizhao Port Jurong Co., Ltd. is set out on pages 32 to 33 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.rzportjurong.com).

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.

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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 – 2022 Financial Service Framework Agreement”	the financial service framework agreement dated 27 March 2020, as amended by 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 dated 28 October 2022 entered into between the Company and SPG Finance
“2025 – 2027 Financial Service Framework Agreement”	the financial service framework agreement dated 10 December 2024 entered into between the Company and SPG Finance, pursuant to which SPG Finance agrees to provide deposit and settlement services to the Company for the term commencing on the Effective Date and ending on 31 December 2027
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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(s)”	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

DEFINITIONS

“Effective Date”	the date of fulfilment of the conditions precedent set out in the 2025 – 2027 Financial Service Framework Agreement
“EGM”	the extraordinary general meeting or any adjournment thereof of the Company to be convened at 10:00 a.m. on Tuesday, 21 January 2025 at the Office Building of Rizhao Port Jurong Co., Ltd. to consider and, if thought fit, approve the 2025 – 2027 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, listed and traded on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin, established to advise the Independent Shareholders in respect of the 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required by the Listing Rules to abstain from voting at the EGM on the resolution to approve the 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder

DEFINITIONS

“Independent Third Party(ies)”	an individual or a company which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“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”	27 December 2024, 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 from time to time
“NFRA”	National Financial Regulatory Administration (國家金融監督管理總局)
“Notice of EGM”	a notice convening the EGM set out on pages 32 to 33 of this circular
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Proposed Annual Caps”	the proposed annual caps for the transactions contemplated under the 2025 – 2027 Financial Service Framework Agreement for the period from the Effective Date to 31 December 2025 and for the two years ending 31 December 2027

DEFINITIONS

“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 the 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), the predecessor entity of SPG Finance upon completion of the absorption and merger with SPG Finance
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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, a controlling shareholder of the Company and a state-owned enterprise ultimately controlled by Shandong SASAC
“Shandong SASAC”	Shandong Provincial State-owned Assets Supervision and Administration Commission
“Share(s)”	share(s) of RMB1.00 each in the share capital of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	the holder(s) of the Share(s)
“SPG Finance”	Shandong Port Group Finance Co., Ltd.* (山東港口集團財務有限責任公司) (previously known as 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 54% by Shandong Port Group as at the Latest Practicable Date

DEFINITIONS

“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
“%”	per cent

* *Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.*

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. ZHOU Tao (*Chairman*)
Mr. SEOW Kok Leong Terence
Mr. NYAN Ming Ren Francis
Mr. FANG Lei
Ms. LIU Rong

Registered office:

South End
Haibin 5th Road
Rizhao City, Shandong Province
PRC

Executive Director:

Mr. CHEN Zhou

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

Independent Non-executive Directors:

Mr. ZHANG Zixue
Mr. WU Xibin
Mr. LEE Man Tai

31 December 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION AND MAJOR
TRANSACTION IN RELATION TO
2025 – 2027 FINANCIAL SERVICE FRAMEWORK AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the announcement of the Company dated 10 December 2024 in relation to, among other things, the 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among others, (i) details of the 2025 – 2027 Financial Service Framework Agreement, the Proposed 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 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder; (iii) the recommendation of the Independent Board Committee regarding the 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder; (iv) financial information of the Company; (v) general information of the Company; and (vi) a notice for convening the EGM.

2. 2025 – 2027 FINANCIAL SERVICE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 28 October 2022 and the circular of the Company dated 5 December 2022 in relation to, among others, the 2022 – 2024 Financial Service Framework Agreement.

On 10 December 2024 (after trading hours), the Company entered into the 2025 – 2027 Financial Service Framework Agreement with SPG Finance, and the principal terms are set out as follows:

Date: 10 December 2024

Parties: (a) the Company (as the service recipient); and
(b) SPG Finance (as the service provider).

Nature of transaction: SPG Finance agreed to provide deposit and settlement services to the Company.

LETTER FROM THE BOARD

Term: The term of the 2025 – 2027 Financial Service Framework Agreement will commence on the Effective Date, being the date of fulfillment of the conditions precedent set out in the 2025 – 2027 Financial Service Framework Agreement, and ending on 31 December 2027, 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 2025 – 2027 Finance Service Framework Agreement is conditional upon the resolution regarding the 2025 – 2027 Finance Service Framework Agreement, the Proposed 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 not lower than the market rates provided by branches of independent commercial banks located in the same region.

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 branches of independent commercial banks located in the same region for comparable financial services.

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

Historical Amounts

The historical transaction amounts under the 2022 – 2024 Financial Service Framework Agreement are set out as follows:

Transaction	For the years ended 31 December		For the ten months ended 31 October
	2022	2023	2024
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>(RMB in thousands)</i>		
Maximum daily balance of deposits	200,009	358,885	359,788
Interest income	0	3,600	420
Settlement service	0	0	0

LETTER FROM THE BOARD

The existing annual caps under the 2022 – 2024 Financial Service Framework Agreement are set out as follows:

Transaction	For the years ending 31 December		
	2022	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

During the year ended 31 December 2022, SPG Finance (as the surviving merging party) merged with RPG Finance (as the merged party which has been dissolved and deregistered) by way of absorption and merger. Prior to the completion of the absorption and merger, deposit and settlement services were provided by RPG Finance to the Company under the 2020 – 2022 Financial Service Framework Agreement. The annual caps and the actual transaction amounts under the 2020 – 2022 Financial Service Framework Agreement for the year ended 31 December 2022 are as follows:

	Annual Caps	Actual Transaction Amounts
	for the year ended 31 December 2022	
	<i>(RMB in thousands)</i>	
Maximum daily balance of deposits	180,000	177,093
Interest income	3,000	2,819
Settlement service	0	0

Since the 2022 – 2024 Financial Service Framework Agreement was only approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 28 December 2022 and no interest income had been settled in the account with SPG Finance by 31 December 2022, there had been no interest income recognised under the 2022 – 2024 Financial Service Framework Agreement for the year ended 31 December 2022.

LETTER FROM THE BOARD

Proposed Annual Caps and Basis of Determination

The following table sets forth the Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 Financial Service Framework Agreement:

Transaction	From the Effective Date to 31 December			For the years ending 31 December		
	2025	2026	2027	2025	2026	2027
				<i>(RMB in thousands)</i>		
Maximum daily balance of deposits	300,000	310,000	320,000			
Interest income	5,000	5,200	5,400			
Settlement service	0	0	0			

The Proposed Annual Caps were estimated based on (i) historical daily deposit balance with SPG Finance for the years ended 31 December 2022 and 2023, and for the ten months ended 31 October 2024; (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. The Company also considered (i) the Company's estimated cash flow for the years ending 31 December 2025, 2026 and 2027 taking into account the Company's future business development, estimated revenue growth and possible investment in major construction projects; and (ii) the Company's plan, as mentioned in the Company's prospectus dated 31 May 2019, to maintain approximately 50% of its deposits with independent commercial banks after listing, when determining the Proposed Annual Caps.

The Company will strictly comply with Rule 14A.36 of the Listing Rules and will take necessary measures to ensure that any applicable percentage ratio in respect of transactions to be conducted during the period from 1 January 2025 to the Effective Date will not exceed the minimum exemption level stipulated in Rule 14A.76(1) of the Listing Rules, including but not limited to transferring the deposits with SPG Finance to the Company's accounts with other independent commercial banks.

LETTER FROM THE BOARD

3. 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.

SPG 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 NFRA. The establishment of such non-banking financial institutions is subject to approval by NFRA and its operation is subject to the ongoing supervision of NFRA. Non-banking financial institutions shall comply with applicable regulations relating to interest rate issued by PBOC and NFRA.

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, SPG 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 and 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 Latest Practicable Date, SPG Finance is a non-wholly owned subsidiary of and is held as to 54% by Shandong Port Group, which is a state-owned enterprise ultimately controlled by Shandong SASAC.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2025 – 2027 FINANCIAL SERVICE FRAMEWORK AGREEMENT

In the ordinary course of business of the Company, the Company transacts with various subsidiaries and/or affiliated companies of Shandong Port Group, which have maintained or will maintain settlement accounts with SPG Finance. The centralised maintenance of deposits by the Company with SPG 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, SPG 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 2025 – 2027 Financial Service Framework Agreement to procure deposit and settlement services from SPG Finance.

LETTER FROM THE BOARD

The terms of the 2025 – 2027 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 the Independent Financial Adviser) have confirmed that the terms of the 2025 – 2027 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 2025 – 2027 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 2025 – 2027 Financial Service Framework Agreement and the transactions contemplated thereunder.

5. FINANCIAL EFFECTS OF ENTERING INTO THE 2025 – 2027 FINANCIAL SERVICE FRAMEWORK 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 2025 – 2027 Financial Service Framework Agreement shall not have any material effect on the total assets, earnings and liabilities of the Company.

6. 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 2025 – 2027 Financial Service Framework Agreement are fair and reasonable and no less favourable than those offered by the Independent Third Parties:

- (a) Prior to making a deposit with SPG Finance, the Company's finance office will obtain quotations for similar deposit services from branches of three PRC commercial banks located in the same region independent of the Company and compare the interest rates offered by SPG Finance with those provided by other banks and the minimum interest rates prescribed by the PBOC at the relevant time;
- (b) The interest rate and the decision to place any deposit with SPG Finance will be reviewed and approved by the financial director of the Company;

LETTER FROM THE BOARD

- (c) The Company's finance office will closely monitor the actual transaction amounts under the 2025 – 2027 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;
- (d) The Company's finance office will review the transactions entered into under the 2025 – 2027 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 2025 – 2027 Financial Service Framework Agreement will not be exceeded;
- (e) 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 2025 – 2027 Financial Service Framework Agreement and pricing policies;
- (f) The Company's auditors and independent non-executive Directors will conduct annual review on the transactions entered into under the 2025 – 2027 Financial Service Framework Agreement in accordance with the Listing Rules; and
- (g) 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 semi-annual basis.

7. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, SPG Finance is a non-wholly owned subsidiary of and is held as to 54% by Shandong Port Group, which is a controlling shareholder of the Company. Accordingly, SPG 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 2025 – 2027 Financial Service Framework Agreement is more than 25% on an annual basis, the entering into of the 2025 – 2027 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.

LETTER FROM THE BOARD

8. EGM

The EGM will be held at 10:00 a.m. on Tuesday, 21 January 2025 at the Office Building of Rizhao Port Jurong Co., Ltd. for the purpose of allowing Shareholders to consider and, if thought fit, approve the resolution as set out in the Notice of EGM on pages 32 to 33 of this circular.

A form of proxy for use at the EGM are enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.rzportjurong.com). Whether or not you are able to attend the EGM in person, you are requested to complete the 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.

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the 2025 – 2027 Financial Service Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders a whole, and to advise the Independent Shareholders as to how to vote on the relevant resolution at the EGM.

TC 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.

As at the Latest Practicable Date, 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 2025 – 2027 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 resolution approving the 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM.

LETTER FROM THE BOARD

9. 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 Thursday, 16 January 2025 to Tuesday, 21 January 2025 (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, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Wednesday, 15 January 2025.

10. 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.

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/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his/her Shares to a third party, either generally or on a case-by-case basis.

11. 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 2025 – 2027 Financial Service Framework 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; and (ii) the Proposed Annual Caps are fair and reasonable and 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 resolution for approving the 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

LETTER FROM THE BOARD

12. 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 23 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.
Zhou Tao
Chairman



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

(Stock Code: 6117)

31 December 2024

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION
AND MAJOR TRANSACTION IN RELATION TO
2025 – 2027 FINANCIAL SERVICE FRAMEWORK AGREEMENT**

We refer to the circular dated 31 December 2024 (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 terms of the 2025 – 2027 Financial Service Framework Agreement (together with the Proposed 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 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder as set out in the Circular. TC Capital International 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 on pages 14 to 23 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 2025 – 2027 Financial Service Framework Agreement, the Proposed 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 terms of the 2025 – 2027 Financial Service Framework Agreement (together with the Proposed 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 2025 – 2027 Financial Service Framework 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; and (ii) the Proposed Annual Caps are fair and reasonable and 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 resolution at the EGM so as to approve the 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

Yours 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

Set out below is the text of a letter received from TC Capital International Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2025 – 2027 Financial Service Framework Agreement in relation to the deposit services for the purpose of inclusion in this circular.



31 December 2024

*The Independent Board Committee and the Independent Shareholders
Rizhao Port Jurong Co., Ltd.*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO 2025 – 2027 FINANCIAL SERVICE FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the provision of deposit services by SPG Finance to the Company under the 2025 – 2027 Financial Service Framework Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 31 December 2024 issued to the Shareholders (the “**Circular**”). Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As at the Latest Practicable Date, SPG Finance was a non-wholly owned subsidiary of Shandong Port Group, which is a controlling shareholder of the Company. As such, SPG Finance was a connected person of the Company. The provision of deposit services by SPG Finance to the Company constitutes a continuing connected transaction of the Company and is subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the procurement of deposit services (including the respective annual caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

are concerned; (ii) whether the procurement of deposit services is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution to approve the procurement of deposit services under the 2025 – 2027 Financial Service Framework Agreement at the EGM. We, TC Capital International Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

We have not provided any other services to the Company in the last two years. As at the Latest Practicable Date, we did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to the independence of us. We have been appointed as an independent financial adviser to the independent board committee and independent shareholders of the Company in relation to the 2025 – 2027 property lease (procurement) framework agreement and the 2025 – 2027 general service (procurement) framework agreement as detailed in the announcement of the Company dated 13 December 2024. Save for our fees for the abovementioned engagement and the current engagement, there are no arrangements exist whereby we have received/will receive any fees or benefits from the Company or any other party to the transaction. Given (i) our independent role in the abovementioned engagement; and (ii) our fees for the abovementioned engagement represented an insignificant percentage of our revenue, we consider that the abovementioned engagement would not affect our independence to form our opinion in respect of the procurement of deposit services under the 2025 – 2027 Financial Service Framework Agreement.

BASIS OF OUR OPINION

In putting forth our recommendation, we have relied on the information, opinions, facts and representations supplied to us by the Directors and/or the representatives of the Company. We have reviewed, among other things, (i) the 2025 – 2027 Financial Service Framework Agreement; (ii) the annual reports of the Company for the years ended 31 December 2022 and 2023 (the “**2022 Annual Report**” and the “**2023 Annual Report**” respectively) and the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”); (iii) other information as set out in the Circular; and (iv) relevant market data and information available from public sources.

We have assumed that all such information, opinions, facts and representations provided to us by the Directors and/or the representatives of the Company, for which they are fully responsible, are true, accurate and complete in all respects. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the representatives of the Company. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld or is misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the representatives of the Company, nor have we conducted any independent investigation into the business, affairs, operations, financial position or future prospects of each of the Company, SPG Finance and any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the procurement of deposit services, we have taken into account the following principal factors and reasons:

1. Background information of the parties

a) *The Company*

As stated in the Letter from the Board, 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.

Set out below is certain financial information of the Company for the three years ended 31 December 2023 (“FY2021”, “FY2022” and “FY2023” respectively) and the six months ended 30 June 2023 and 2024 (“1H2023” and “1H2024” respectively) as extracted from the 2022 Annual Report, the 2023 Annual Report and the 2024 Interim Report:

	For the six months ended		For the year ended 31 December			
	30 June					
	2024	2023	2023	2022	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
		(Restated)		(Restated)		
Revenue	424,240	413,212	825,808	833,490	833,490	758,421
Gross profit	176,935	171,498	321,040	297,264	297,264	258,340
Profit attributable to the owners of the Company	120,510	123,322	218,252	201,250	199,873	168,296

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at	As at 31 December		
	30 June	2023	2022	2021
	2024	2023	2022	2021
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>	<i>RMB'000</i> <i>(Audited)</i> <i>(Restated)</i>	<i>RMB'000</i> <i>(Audited)</i> <i>(Restated)</i>
Total assets	3,453,632	3,300,604	2,904,297	2,732,604
Total liabilities	638,096	565,738	347,816	337,499
Total equity	2,815,536	2,734,866	2,556,481	2,395,105

As shown in the above table, the revenue of the Company for FY2022 increased by approximately 10% as compared to that for FY2021. The profit attributable to the owners of the Company for FY2022 increased by approximately 19% as compared to that for FY2021. As stated in the 2022 Annual Report, such increase was mainly due to the increase in revenue from contracts with customers, compensating for the decrease in revenue from property leasing. In particular, the increase in throughput of grain cargoes offset the impact of decline in dried tapioca for both revenue and profit of the Company.

The revenue of the Company for FY2023 remained stable as compared to that for FY2022. The profit attributable to the owners of the Company for FY2023 increased by approximately 8% as compared to that for FY2022. As stated in the 2023 Annual Report, such financial performance of the Company was mainly because throughput of grain recorded an increase while woodchips and other cargoes recorded a decline, and berth leasing remained the same. Overall business revenue remained stable and profit before tax as well as net profit have achieved steady growth as compared to FY2022 as a result of comprehensive budget management and cost reduction measures.

The revenue of the Company for 1H2024 slightly increased by approximately 3% as compared to that for 1H2023. The profit attributable to the owners of the Company for 1H2024 slightly decreased by approximately 2% as compared to that for 1H2023. As advised by the representatives of the Company, such financial performance of the Company was due to the combined effect of the increase in stevedoring service for grain cargo and the decrease in other income which was mainly attributable to (1) changes in domestic tax policy, which cancelled the value-added credit policy; (2) no gain on lease modification during 1H2024; and (3) loss on written-off and disposal of property, plant and equipment.

The total equity of the Company represented steady increments during FY2022, FY2023 and 1H2024. The representatives of the Company advised us that such movements in the total equity were mainly due to the profit-making position of the Company during FY2022, FY2023 and 1H2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

b) *SPG Finance*

As stated in the Letter from the Board, SPG Finance is a non-banking financial institution established in the PRC on 22 July 2014. SPG 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 and 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.

We understood from the representatives of the Company that SPG Finance is subject to several rules and measures on supervision, management and risk control set out in the Measures for the Administration of Finance Companies of Enterprise Groups* 《企業集團財務公司管理辦法》(the “**Administrative Measures**”) promulgated by the NFRA on 13 October 2022 which regulates the operation of non-bank financial institutions which provide financial management services to the enterprise group member entities. As confirmed by SPG Finance, it has been in compliance with all the requirements and regulatory indicators set forth by the NFRA in FY2022, FY2023 and 1H2024.

The table below sets forth the key financial ratio requirements under Article 34 of the Administrative Measures and an appendix to the Notice of Issuing the Measures for the Regulatory Ratings of Finance Companies of Group Enterprises* (《國家金融監督管理總局關於印發企業集團財務公司監管評級辦法的通知》) (the “**Notice**”) despatched by the NFRA on 13 June 2023 and the respective financial ratios of SPG Finance as at 31 December 2022, 31 December 2023 and 30 June 2024 as provided by the Company:

		As at 31 December 2022	As at 31 December 2023	As at 30 June 2024
	Requirements			
Capital adequacy ratio (<i>Note 1</i>)	Not less than 10.5%	27.55%	23.79%	26.48%
Liquidity ratio	Not less than 25%	39.21%	42.0%	50.94%
Total non-group liabilities to net capital ratio	Not more than 100%	Nil	Nil	Nil
Total investment to net capital ratio	Not more than 70%	45.27%	29.25%	33.23%
Net self-owned fixed assets to net capital ratio	Not more than 20%	0.32%	0.35%	0.32%
Non-performing loan ratio (<i>Note 2</i>)	Not more than 5%	Nil	Nil	Nil

Notes:

- The capital adequacy ratio is the ratio of net capital to risk-weighted assets after capital floor and adjustments.
- The non-performing loan ratio is the ratio of the sum of substandard loans, doubtful loans, and loss class loans to various loans. The various loans mainly include loans, trade financing, bill financing, assets for re-sale bought back from non-financial institutions, overdrafts, various advances and etc.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the table above, SPG Finance complied with the relevant financial ratio requirements specified in the Administrative Measures and the appendix to the Notice as at 31 December 2022, 31 December 2023 and 30 June 2024. In particular, the non-performing loan ratio of SPG Finance remained nil as at 31 December 2022, 31 December 2023 and 30 June 2024, which indicated that SPG Finance did not have any non-performing loans.

Pursuant to the Administrative Measures, in the event that a group finance company faces any difficulty in making payment, its controlling shareholder(s) will increase such group finance company's capital accordingly based on the actual need. We have obtained the undertakings committed by Shandong Port Group and noted that Shandong Port Group has undertaken to (i) provide funding to SPG Finance to satisfy its capital needs when necessary; and (ii) provide liquidity support in the event that SPG Finance experiences any liquidity issues.

In light of the above, we consider that SPG Finance would be able to perform the relevant obligations under the 2025 – 2027 Financial Service Framework Agreement.

2. The procurement of deposit services

a) *Principal terms of the deposit services*

On 10 December 2024 (after trading hours), the Company and SPG Finance entered into the 2025 – 2027 Financial Service Framework Agreement, pursuant to which SPG Finance agreed to provide deposit and settlement services to the Company for a term commencing on the Effective Date and ending on 31 December 2027.

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 branches of independent commercial banks located in the same region.

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 branches of independent commercial banks located in the same region for comparable financial services.

Further details of the terms of the 2025 – 2027 Financial Service Framework Agreement are stated in the Letter from the Board.

In assessing the aforementioned pricing policies, we have obtained and reviewed all the deposit interest records and the lists of deposit interest rates offered by SPG Finance to the Company for FY2023 and the nine months ended 30 September 2024 and noted that the related deposit interest rates offered by SPG Finance to the Company were determined

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

with reference to the deposit interest rates promulgated by the PBOC. Besides, we have compared the deposit interest rates offered by SPG Finance to the Company against the then deposit interest rates offered by branches of three independent commercial banks located in the same region, and noted that they were not less favourable than the then deposit interest rates offered by branches of three independent commercial banks located in the same region. Therefore, we are of the view that the pricing policies for the procurement of deposit services from SPG Finance by the Company are fair and reasonable so far as the Independent Shareholders are concerned.

b) Reasons for and benefits of the procurement of deposit services

According to the Letter from the Board, in the ordinary course of business of the Company, the Company transacts with various subsidiaries and/or affiliated companies of Shandong Port Group, which have maintained or will maintain settlement accounts with SPG Finance. The centralised maintenance of deposits by the Company with SPG 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, SPG 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 2025 – 2027 Financial Service Framework Agreement to procure deposit and settlement services from SPG Finance.

As advised by the representatives of the Company, SPG Finance has been providing financial services to the Company for several years and has better understanding in the industry characteristics, capital structures, business operations, financing needs, capital flow patterns and the financial management system of the Company through its previous cooperation with the Company.

Moreover, the 2025 – 2027 Financial Service Framework Agreement does not restrict the Company from procuring financial services provided by third parties and therefore offers an additional option to the Company and enhances the financial flexibility of the Company. Therefore, the Company may, but is not obliged to, continue to procure the deposit services from SPG Finance if the price is competitive. Having such flexibility afforded under the 2025 – 2027 Financial Service Framework Agreement, the Company would be able to better manage its current capital and cashflow position.

In light of the above, we concur with the Directors that the procurement of deposit services from SPG Finance under the 2025 – 2027 Financial Service Framework Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

c) Proposed annual caps for the procurement of deposit services and basis of determination

The following table sets out the historical amounts of the provision of deposit services by SPG Finance to the Company for the two years ended 31 December 2023 and the ten months ended 31 October 2024, and the proposed annual caps for the term commencing on the Effective Date and ending on 31 December 2027:

	Historical amounts			Proposed annual caps		
	For the year ended		For the	From the	For the year ending	
	31 December		ten months	Effective	31 December	
	2022	2023	ended	Date to	2026	2027
		31 October	31 December			
		2024	2025			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Maximum daily balance of						
deposits	200,009	358,885	359,788	300,000	310,000	320,000
Interest income	0	3,600	420	5,000	5,200	5,400

The representatives of the Company advised us that the proposed annual caps for the provision of deposit services by SPG Finance to the Company for the term commencing on the Effective Date and ending on 31 December 2027 were determined with reference to the historical maximum daily balance of deposits for the ten months ended 31 October 2024 and the cash and cash equivalents of the Company as at 30 June 2024.

As illustrated in the table above, the maximum daily balance of the deposits placed with SPG Finance by the Company was recorded at approximately RMB360 million for the ten months ended 31 October 2024, which was over the highest proposed annual cap for the deposit services to be provided by SPG Finance to the Company for the term commencing on the Effective Date and ending on 31 December 2027.

According to the 2024 Interim Report, the cash and cash equivalents of the Company as at 30 June 2024 was approximately RMB631 million, of which the highest proposed annual cap for the deposit services to be provided by SPG Finance to the Company accounted for approximately 51%. As mentioned in the prospectus of the Company dated 31 May 2019, the Company planned to maintain around 50% of its deposits with independent commercial banks after listing.

The proposed annual caps for the interest on deposits for the term commencing on the Effective Date and ending on 31 December 2027 were determined mainly based on (i) the current one-year fixed deposit interest rate, which represented the maximum deposit rate

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

adopted by SPG Finance; (ii) the proposed annual caps for the maximum daily balance of the deposits for the term commencing on the Effective Date and ending on 31 December 2027; and (iii) buffers of approximately 5% to 6% for the unexpected interest income caused by the possible increase in interest rates.

Therefore, we are of the view that the proposed annual caps for the provision of deposit services by SPG Finance to the Company were determined based on reasonable estimation and after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Internal control measures

As stated in the Letter from the Board, (i) the Company's finance office will review the transactions entered into under the 2025 – 2027 Financial Service Framework Agreement on a quarterly basis and report to the Company's audit committee and the Board; and (ii) the internal audit office of the Company will focus on the relevant internal control measures as part of the continuous work plan and report to the audit committee of the Company and the Board on a semi-annual basis. We have obtained and reviewed the quarterly reports for the nine months ended 30 September 2024 and noted that both transaction amounts and annual caps for the continuing connected transactions for the corresponding year were recorded in the quarterly reports. We have obtained the resolution in relation to the review of the effectiveness of the risk management and internal control system of the Company for 1H2024, and noted that the Board will, amongst others, review the internal control system relating to continuing connected transactions periodically.

Further details of the internal control measures of the Company are set out in the Letter from the Board.

As stated in the 2023 Annual Report, the independent non-executive Directors have reviewed the continuing connected transactions disclosed in the 2023 Annual Report and confirmed that the transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) on normal commercial terms or better; and (c) in accordance with the agreement governing the transaction and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the 2023 Annual Report, the Board has received an unqualified letter from the auditors of the Company in accordance with Rule 14A.56 of the Listing Rules containing the auditors' findings and conclusion on the continuing connected transactions of the Company disclosed in the 2023 Annual Report, stating that the auditors have not noticed anything that causes them to believe that any of these continuing connected transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Company if the transactions involve the provision of goods or services by the Company; (c) were not entered into in accordance with the relevant agreements governing such continuing connected transactions in all material aspects; and (d) have exceeded the relevant annual caps for the financial year ended 31 December 2023.

Taking into account of the internal control measures as stated above, we concur with the Directors that there are adequate measures in place to monitor the procurement of deposit services (including the respective annual caps) and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the procurement of deposit services (including the respective annual caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the procurement of deposit services is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the procurement of deposit services under the 2025 – 2027 Financial Service Framework Agreement.

Yours faithfully,
For and on behalf of
TC Capital International Limited
Edward Wu **Edith Lee**
Chairman *Managing Director*

Note: Mr. Edward Wu has been a responsible officer of type 6 (advising on corporate finance) regulated activities under the SFO since 2005. Ms. Edith Lee has been a responsible officer of type 6 (advising on corporate finance) regulated activities under the SFO since 2015. Both Mr. Wu and Ms. Lee have participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

* *For identification purpose only*

1. FINANCIAL RESULTS OF THE COMPANY

Details of the audited financial results of the Company for each of the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the unaudited financial results of the Company for the six months ended 30 June 2024 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 2021, on pages 69 to 139 of the annual report of the Company for the year ended 31 December 2021 released on 26 April 2022 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042600950.pdf>;
- (b) for the year ended 31 December 2022, on pages 125 to 197 of the annual report of the Company for the year ended 31 December 2022 released on 27 April 2023 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042704158.pdf>;
- (c) for the year ended 31 December 2023, on pages 77 to 151 of the annual report of the Company for the year ended 31 December 2023 released on 26 April 2024 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042603745.pdf>;
- (d) for the six months ended 30 June 2024, on pages 23 to 48 of the interim report of the Company for six months ended 30 June 2024 released on 20 September 2024 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0920/2024092001159.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 30 November 2024, 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) the amount of unaudited outstanding interest-bearing bank loan and other borrowings was RMB0; and

- (b) the amount of unaudited outstanding lease liabilities was approximately RMB328,297,793.58.

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 30 November 2024, 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 2025 – 2027 Financial Service Framework Agreement and the present internal financial resources available to the Company, including cash and cash equivalents as well as the internal resources, 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 2023, the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE COMPANY

Based on the analysis of the Company's cargo type, the Company will seize new opportunities for grain business development, fully promote the production and operation of the Rizhao Port Grain Base project, deepen customer communication, carefully understand their needs, and elaborately optimise the processes of stevedoring service, collection, distribution, transportation and warehousing with "one-to-one" customised services, so as to build a highly efficient and stable grain logistics chain, protect the interests of customers in practice and create the "Attentive Service" brand. The Company will focus on building a diversified pattern of grain varieties, enhance the

capacity of the port in grain stevedoring, warehousing and transit with intelligent technology, forming a distribution centre for imported grain trade, and creating a new growth pillar for grain business. Therefore, the Company will focus on the following work:

- (a) Continuously increasing the development of sources of goods. Considering a firm grasp of the opportunity relating to commencement of operations at the Rizhao Port Grain Base, the Company will proactively handle the qualification formalities for berth and silo usage in advance to drive an increase in the supply of goods by expanding its capacity. Staring at the “window period” of reduced domestic woodchip supply and increased woodchip imports, the Company will actively develop new customers.
- (b) Continuously decreasing costs and expenses. The Company will achieve continued optimization and improvement through complete investigation into the cost issues and room for cost savings and robust process analysis and evaluation. The Company will deepen the analysis of unit costs by establishing a cost model, clearly identifying key points of cost reduction. The Company will also set up a special award for “cost reduction and efficiency improvement” to motivate employees.
- (c) Continuously improving service capabilities. The Company will refine the “Attentive Service” commitment, standards, and feedback system, implement three tough tasks of “cargo quality, system efficiency, and lean management,” earnestly cultivate lean management models for silos and warehouses, and create standard stacks, standardized warehouses, and model warehouses.

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 C3 of the Listing Rules.

3. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, each of the following Directors and Supervisors is a director, supervisor or employee of the following companies, which have 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. Zhou Tao, a non-executive Director and the chairman of the Board, is member of the Party Committee, director and deputy general manager of Rizhao Port Group.
- (b) Mr. Fang Lei, a non-executive Director, is a senior expert of Rizhao Port.
- (c) Mr. Seow Kok Leong Terence, a non-executive Director, is the chief executive officer of Jurong Port.
- (d) Mr. Nyan Ming Ren Francis, a non-executive Director, is the chief financial officer of Jurong Port.

- (e) Ms. Liu Rong, a non-executive Director, is the deputy director of financial management department of Rizhao Port Group.
- (f) Ms. Feng Hui, a Supervisor, is the director of legal affairs and audit department of Rizhao Port.
- (g) Mr. Tham Wai Kong, a Supervisor, is the vice chairman of the legal and company secretariat of Jurong Port.

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.

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 2023 (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	Qualifications
TC Capital International Limited	a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, TC Capital did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) TC Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and opinion dated 31 December 2024 and reference to its name in the form and context in which they appear.
- (d) The letter and recommendation given by TC Capital are given as at the date of this circular for incorporation herein.
- (e) As at the Latest Practicable Date, TC Capital had 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 2023, 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 claim of material importance, and there was no litigation or claim 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 (“**Mr. Zheng**”) and Ms. Yung Mei Yee (“**Ms. Yung**”). 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. Yung is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. She has over 20 years of experience in handling company secretarial, corporate governance and compliance affairs of listed companies. She has held various senior company secretarial positions in and acted as the company secretary or joint company secretary of a number of companies listed on the Stock Exchange. She is currently the company secretary or joint company secretary of a few listed companies on the Stock Exchange. She is a fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She obtained a bachelor’s degree of arts in accountancy and a master’s degree of arts in language and law from the City University of Hong Kong, and a bachelor’s degree of laws from the University of London.
- (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 2025 – 2027 Financial Service Framework Agreement; and

- (b) the construction contract dated 31 March 2023 entered into between the Company and Shandong Gangwan Construction Group Co., Ltd. (山東港灣建設集團有限公司) (“**Shandong Gangwan**”), pursuant to which the Company agreed to engage Shandong Gangwan as the contractor for the technological aspect of the construction project of building 41 silos, reconstructing the pier and building ancillary infrastructure at Shijiu port area in Rizhao port with a contract price of RMB536,209,688.98.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.rzportjurong.com) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the 2025 – 2027 Financial Service Framework Agreement;
- (b) the letter from the Independent Financial Adviser dated 31 December 2024, the text of which is set out on pages 14 to 23 of this circular; and
- (c) the letter of consent from the Independent Financial Adviser dated 31 December 2024 referred to in the above paragraph headed “7. Expert’s Qualification and Consent” in this appendix.

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 Tuesday, 21 January 2025 at the Office Building of Rizhao Port Jurong Co., Ltd. for the purpose of considering and, if thought fit, passing the following resolution. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 31 December 2024 in relation to the EGM:

ORDINARY RESOLUTION

1. To consider and approve the 2025 – 2027 Financial Service Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

By Order of the Board
Rizhao Port Jurong Co., Ltd.
Zhou Tao
Chairman

Rizhao, PRC, 31 December 2024

As at the date of this notice, the board of directors of the Company comprises Mr. Zhou Tao as Chairman and non-executive Director; Mr. Chen Zhou as the executive Director; Mr. Seow Kok Leong Terence, Mr. Nyan Ming Ren Francis, Mr. Fang Lei and Ms. Liu Rong as non-executive Directors; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as the independent non-executive Directors.

Notes:

1. All votes of resolution 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 Hong Kong Exchanges and Clearing Limited (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 Thursday, 16 January 2025 to Tuesday, 21 January 2025 (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 Wednesday, 15 January 2025.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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.