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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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

**(Stock Code: 6117)**

- (1) RENEWAL OF CONTINUING CONNECTED TRANSACTION  
AND DISCLOSEABLE TRANSACTION**
- (2) PROPOSED ELECTION OF NON-EXECUTIVE DIRECTORS**
- (3) RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**
- (4) REMUNERATION OF EXECUTIVE DIRECTOR, NON-EXECUTIVE DIRECTORS AND  
SUPERVISORS FOR THE YEAR OF 2019**
- (5) GENERAL MANDATES TO ISSUE H SHARES  
AND**
- (6) NOTICE OF 2019 ANNUAL GENERAL MEETING**

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



**Crescendo Capital Limited**

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A letter from the Board is set out on pages 1 to 18 of this circular.

A notice convening the AGM to be held at 10:00 a.m. on Monday, 18 May 2020 at Office Building of Rizhao Port Jurong Co., Ltd. is set out on pages 40 to 44 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

Whether or not you are able to attend the AGM 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 AGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish and in such event, the form of proxy shall be deemed to be revoked.

15 April 2020

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## DEFINITIONS

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

“AGM”	the 2019 annual general meeting or any adjournment thereof of the Company to be convened at 10:00 a.m. on Monday, 18 May 2020 at Office Building of Rizhao Port Jurong Co., Ltd.
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Board of Supervisors”	the board of Supervisors
“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 Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6117)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under PRC laws
“EGM”	the extraordinary general meeting of the Company convened at 10:00 a.m. on Tuesday, 17 December 2019 at East Conference Room, 3/F, Office Building of Rizhao Port Jurong Co., Ltd., South End, Haibin 5th Road, Rizhao, Shandong Province, the PRC
“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

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board (which consists only of independent non-executive Directors) formed to advise the Independent Shareholders in relation to the 2020-2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder
“Independent Financial Adviser”	Crescendo Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2020–2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder
“Independent Shareholders”	shareholders of the Company other than those who are required by the Listing Rules to abstain from voting on the resolution to approve the 2020-2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder
“Issue Mandate”	a general mandate which is exercisable by the Board to allot, issue and deal with additional H Shares not exceeding 20% of the H Shares in issue as at the date of passing of the relevant Shareholders’ resolution
“Jurong Port”	Jurong Port Pte Ltd, a private company limited by shares established on 26 August 2000 in Singapore, holding 100% interest in Jurong Port Holding as of the Latest Practicable Date
“Jurong Port Holding”	Jurong Port Rizhao Holding Pte Ltd, a private company limited by shares established on 2 March 2011 in Singapore and holding approximately 21.69% of the total issued share capital of the Company as of the Latest Practicable Date
“Latest Practicable Date”	7 April 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication

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## DEFINITIONS

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“Listing Date”	19 June 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Notice of AGM”	a notice convening the AGM set out on pages 40 to 44 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 which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Rizhao Port”	Rizhao Port Co., Ltd. (日照港股份有限公司), a joint stock company established in the PRC with limited liability whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600017), the controlling shareholder of the Company
“Rizhao Port Group”	Rizhao Port Group Co., Ltd. (日照港集團有限公司), a company incorporated in PRC with limited liability which is wholly-owned by Rizhao Municipal People’s Government, the controlling shareholder of the Company
“RPG Finance”	Rizhao Port Group Finance Co., Ltd (日照港集團財務有限公司), a company held as to 60% by Rizhao Port Group and 40% by Rizhao Port
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Share(s) of RMB1.00 each in the share capital of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“2019 Annual Report”	the annual report of the Company for the financial year ended 31 December 2019
“2019 Financial Service Framework Agreement”	a financial service framework agreement entered into between the Company and RPG Finance on 24 May 2019, pursuant to which RPG Finance agreed to provide deposit and settlement services to the Company for the term commencing from the Listing Date and ending on the earlier of (i) the date of one year after the Listing Date, and (ii) the date of the AGM
“2020-2022 Financial Service Framework Agreement”	a financial service framework agreement entered into between the Company and RPG Finance on 27 March 2020, as supplemented by a supplemental agreement entered into between the Company and RPG Finance on 7 April 2020, to replace the 2019 Financial Service Framework Agreement, pursuant to which RPG Finance agrees to provide deposit and settlement services to the Company for the term commencing from the date of conclusion of the AGM and ending on 31 December 2022
“%”	per cent

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

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

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LETTER FROM THE BOARD

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

(Stock Code: 6117)

**Non-executive Directors:**

Mr. OOI Boon Hoe

Mr. SHI Ruxin

Mr. JIANG Zidan

**Registered office and headquarters in the PRC:**

South End

Haibin 5th Road

Rizhao City, Shandong Province

PRC

**Executive Director:**

Mr. HE Zhaodi

**Principal place of business in Hong Kong:**

40/F, Sunlight Tower

248 Queen's Road East

Wanchai

Hong Kong

**Independent Non-executive Directors:**

Mr. ZHANG Zixue

Mr. WU Xibin

Mr. LEE Man Tai

15 April 2020

*To the Shareholders*

Dear Sir or Madam,

- (1) RENEWAL OF CONTINUING CONNECTED TRANSACTION  
AND DISCLOSEABLE TRANSACTION
- (2) PROPOSED ELECTION OF NON-EXECUTIVE DIRECTORS
- (3) RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR
- (4) REMUNERATION OF EXECUTIVE DIRECTOR, NON-EXECUTIVE DIRECTORS AND  
SUPERVISORS FOR THE YEAR OF 2019
- (5) GENERAL MANDATES TO ISSUE H SHARES  
AND
- (6) NOTICE OF 2019 ANNUAL GENERAL MEETING

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular, among others, is to give you the Notice of AGM and to provide you with information regarding (1) the renewal of continuing connected transaction, including (a) details of the 2020-2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder; (b) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the 2020-2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder; and (c) the recommendation of the Independent Board Committee regarding the 2020-2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder to the Independent Shareholders; (2) the proposed election of non-executive Directors; (3) the proposed re-election of independent non-executive Director; (4) the remuneration of executive Director, non-executive Directors and Supervisors for the year of 2019; and (5) the grant of the general mandate to issue H Shares, in order to allow you to make an informed decision on voting in respect of the resolutions to be proposed at the AGM.

### 2. RENEWAL OF CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

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

##### ***I. Background***

Reference is made to the prospectus of the Company dated 31 May 2019 in relation to, among other things, the 2019 Financial Service Framework Agreement. Reference is also made to the announcement of the Company dated 27 March 2020 (the “**Announcement**”) in relation to, among others, the renewal of continuing connected transaction.

On 24 May 2019, the Company entered into the 2019 Financial Service Framework Agreement with RPG Finance, pursuant to which RPG Finance agreed to provide deposit and settlement services to the Company for the term commencing from the Listing Date and ending on the earlier of (i) the date of one year after the Listing Date, and (ii) the date of the AGM.

As the 2019 Financial Service Framework Agreement will expire on the date of the AGM, the Company entered into the 2020–2022 Financial Service Framework Agreement with RPG Finance on 27 March 2020 (after trading hours) to renew the term of such continuing connected transaction for a term commencing upon the conclusion of the AGM and ending on 31 December 2022.



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## LETTER FROM THE BOARD

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### **II. 2020–2022 Financial Service Framework Agreement**

Details of the 2020–2022 Financial Service Framework Agreement are as follows:

Date:	27 March 2020 (after trading hours)
Parties:	The Company (as the service recipient); and RPG Finance (as the service provider)
Nature of transactions:	RPG Finance agreed to provide deposit and settlement services to the Company
Term:	The term of the 2020–2022 Financial Service Framework Agreement will commence upon the conclusion of the AGM and end on 31 December 2022, subject to early termination by either party giving at least 6 months' prior written notice to the other party.

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

Conditions precedent:	The 2020–2022 Financial Service Framework Agreement is conditional upon the resolution regarding the 2020–2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder being approved by the Independent Shareholders at the AGM.
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Pricing policy:	The deposit interest rates shall be consistent with or at a premium of the prevailing deposit interest rate promulgated by PBOC for the same period and the terms of the interest rate shall be no less favourable than that offered by independent commercial banks for comparable deposits of comparable periods.
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The settlement service provided by RPG Finance is free of charge.



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## LETTER FROM THE BOARD

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### **IV. Annual Caps**

The following table sets forth the proposed annual caps for the transactions under the 2020–2022 Financial Service Framework Agreement:

<b>Transaction</b>	<b>From the date of conclusion of the AGM to 31 December 2020</b>	<b>For the year ending 31 December</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB in thousands)</i>		
Maximum daily balance of deposits	130,000	130,000	130,000
Interest income	900	900	900
Settlement service	0	0	0

The proposed annual caps have been estimated based on (i) historical daily deposit balance for the years ended 31 December 2017, 2018 and 2019, and for the period from 1 January 2020 to the date of the Announcement; (ii) the banking facilities the Company expects to obtain; and (iii) the expected settlement needs for other connected transactions of the Company.

Given that the proposed annual caps is set to accommodate the maximum daily balance of deposit and interest income for the period from the date of conclusion of the AGM to 31 December 2020, and for the years ending 31 December 2021 and 31 December 2022, the Company used the average month-end closing balance of deposits placed with RPG Finance during the six months ended 29 February 2020 of approximately RMB108.5 million as a benchmark, with a buffer of approximately 20% in setting the proposed annual caps. The said buffer is required in order (i) to cater for potential business growth and market uncertainties during the period and (ii) to enable the Company with the flexibility to earn interest income through making deposits with RPG Finance, according to the terms not worse than those deposits made with independent commercial banks for comparable financial services in China.

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## LETTER FROM THE BOARD

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### **V. *Internal Control and Risk Management of the Company***

The followings will be adopted by the Company to ensure that the transactions contemplated under the 2020–2022 Financial Service Framework Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole and in compliance with the Listing Rules:

- (a) before making the deposits with RPG Finance, finance department of the Company will obtain quotations from three commercial banks in the PRC independent of the Company regarding similar deposit services and compare the interest rate offered by RPG Finance with those offered by other banks and the minimum interest rate prescribed by PBOC at such relevant time;
- (b) finance department of the Company will also check with the ledger balance and online records, which record, among others, the outstanding balance of deposits placed by the Company with RPG Finance, to ensure that the maximum daily balance of deposits placed by the Company with RPG Finance will not exceed the annual caps;
- (c) the rates and the decision of making any deposit with RPG Finance will be reviewed and approved by the finance director of the Company;
- (d) regular checks will be conducted quarterly by the officers of the finance department of the Company to assess whether the financial services are conducted in accordance with the terms of the relevant financial services agreement and the policy of the Company;
- (e) the auditors of the Company will conduct an annual review on the transactions;
- (f) the Company will monitor the risk associated with the deposit and settlement services by assessing the financial position of RPG Finance regularly with reference to the monthly management accounts and annual audited financial statements of RPG Finance and other supervision reports submitted to the relevant regulatory bodies by RPG Finance;
- (g) the audit committee of the Company will convene meetings at least twice a year to discuss and assess the continuing connected transactions conducted under the 2020–2022 Financial Service Framework Agreement and other connected transactions(s) of the Group (if any); and

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## LETTER FROM THE BOARD

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- (h) the independent non-executive Directors will review the continuing connected transactions conducted pursuant to the 2020–2022 Financial Service Framework Agreement on an annual basis and confirm in the corresponding annual reports of the Company whether such continuing connected transactions have been entered into on normal commercial terms or better, in the ordinary and usual course of business of the Company and in accordance with the 2020–2022 Financial Service Framework Agreement on terms that are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Directors consider that the above internal control measures can ensure that the transactions contemplated under the 2020–2022 Financial Service Framework Agreement will be conducted on normal commercial terms in a manner that is not prejudicial to the interests of the Company and its Shareholders.

### **VI. *Reasons for and the Benefits of the Transaction***

RPG Finance is a limited liability company established on 20 May 2016 with a registered capital of RMB1 billion and a licensed non-bank financial institution regulated by CBIRC and it provides deposit, settlement and other financial services only to Rizhao Port Group and its subsidiaries/affiliated companies. A board of directors of RPG Finance comprising of five members, namely Mr. Gao Zhenqiang (高振強) (chairman of the board of RPG Finance), Mr. Lv Zuowu (呂佐武), Mr. Shi Ruxin (石汝欣), Mr. Sun Shaobo (孫少波) and Mr. Ma Xianhua (馬先驊) (general manager of RPG Finance), is responsible for the operation and management of RPG Finance. Among the five directors of RPG Finance, Mr. Shi Ruxin is also the Director of the Company. Mr. Lv Zuowu is deputy head of corporate development department of Rizhao Port Group, and Mr. Gao Zhenqiang, Mr. Sun Shaobo and Mr. Ma Xianhua does not hold any positions in other subsidiaries within Rizhao Port Group. In the ordinary course of business of the Company, the Company transact with various subsidiaries/affiliated companies of Rizhao Port Group. Such subsidiaries/affiliated companies generally maintain settlement accounts with RPG Finance. The centralized maintenance of deposits by the Company with RPG Finance will facilitate clearing with other members of Rizhao Port Group, reduce the processing time and is generally more administratively efficient than settlement through independent banks.

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## LETTER FROM THE BOARD

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The Company maintain approximately 43.7% and 56.3% of its deposits with RPG Finance and independent commercial banks as of the Latest Practicable Date, respectively.

The Board (excluding the independent non-executive Directors, whose opinion will be formed after taking into account the advice to be provided by the Independent Financial Adviser) is of the view that: (i) the 2020–2022 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 under the 2020–2022 Financial Service Framework Agreement for the period from the date of conclusion of the AGM to 31 December 2020, and the years ending 31 December 2021 and 2022 are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As Mr. Shi Ruxin, being the non-executive Director, concurrently hold positions in RPG Finance, he has abstained from voting on the Board resolution with respect to the transactions. Save as disclosed above, none of the Directors has material interest in the transactions under the 2020–2022 Financial Service Framework Agreement and therefore, none of the other Director has abstained from voting on such Board resolution.

### ***VII. Information of the Parties***

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

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

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

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## LETTER FROM THE BOARD

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### *VIII. Listing Rules Implications*

Rizhao Port is a controlling shareholder of the Company, which directly holds approximately 50.6% of the total issued share capital of the Company as at the Latest Practicable Date. Rizhao Port Group, being the controlling shareholder of Rizhao Port directly and indirectly holding approximately 44.46% of the total issued share capital of Rizhao Port as at the Latest Practicable Date, is also regarded as a controlling shareholder of the Company. RPG Finance, which is owned as to 60% and 40% by Rizhao Port Group and Rizhao Port as at the Latest Practicable Date, respectively, is an associate of each of Rizhao Port and Rizhao Port Group, and hence, a connected person of the Company. Therefore, the entering into the 2020–2022 Financial Service Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the proposed annual caps under the 2020–2022 Financial Service Framework Agreement is more than 5% but is less than 25% on an annual basis, such transactions constitute (i) discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) continuing connected transaction of the Company subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **3. PROPOSED ELECTION NON-EXECUTIVE DIRECTORS**

References are made to the announcements of the Company dated 3 April 2020 and 6 April 2020, in relation to, among others, the resignation and proposed election of non-executive Directors.

On 6 April 2020, after review by the nomination committee of the Company (the “**Nomination Committee**”) and the independent non-executive Directors, the Board proposed to nominate each of Mr. Wang Yufu (“**Mr. Wang**”) and Mr. Pay Cher Wee (“**Mr. Pay**”) as a non-executive Director in the AGM. The Board also proposed to appoint (1) Mr. Wang as the chairman of the Board and the chairman of the Nomination Committee, and (2) Mr. Pay as a member of the Nomination Committee, subject to the approval of the Shareholders on each of their appointment as a non-executive Director at the AGM.

Biographical details of Mr. Wang and Mr. Pay are set out as follows:

**Mr. Wang Yufu** (王玉福), aged 38, graduated from Shandong University in 2003 with a bachelor's degree in business administration and China University of Petroleum (East China) (中國石油大學(華東)) in 2017 with a master's degree in logistics engineering.

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## LETTER FROM THE BOARD

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Mr. Wang has extensive work experience in port industry. From January 2014 to July 2016, he acted as the deputy secretary of the youth league committee of both Qingdao Port International Co., Ltd. (“**Qingdao Port International**”), a company listed on Main Board of the Stock Exchange (stock code: 6198) and the Shanghai Stock Exchange (stock code: 601298), and Qingdao Port (Group) Co., Ltd. (青島港(集團)有限公司) (“**Qingdao Port Group**”). From July 2016 and March 2017, he acted as the deputy head of office of the board of directors and chairman of the institutional labour union of Qingdao Port International. From March 2017 to July 2017, he acted as the deputy general manager (presiding) and deputy secretary of the party committee of Qingdao Ocean Shipping Tally Co., Ltd. (青島外輪理貨有限公司), and was promoted to and acted as its general manager and secretary of the party committee from July 2017 to July 2018. From July 2018 to April 2019, he acted as the office head and head of office of party committee of Qingdao Port International, and head of office of party committee of Qingdao Port Group. From April 2019 to January 2020, he acted as head of office, deputy head of office of party committee and member of party committee of Qingdao Port International, and the deputy head of office of institutional party committee of Qingdao Port Group.

Since January 2020, Mr. Wang has been the deputy general manager and member of party committee of Rizhao Port Group. Since February 2020, he has been a director of Rizhao Port, a company listed on the Shanghai Stock Exchange (stock code: 600017).

**Mr. Pay Cher Wee (馬之偉)**, aged 49, graduated from Nanyang Technological University, Singapore with a bachelor’s degree in accountancy in 1994. Mr. Pay has a wealth of experience, both as a corporate chief financial officer and an entrepreneur. He started his career as an auditor with Deloitte Touche Tohmatsu between May 1994 and June 1997, and moved on to pursue the finance profession by acting as the chief financial officer of Venture Corporation Limited, a company listed on Mainboard of the Singapore Exchange Limited (stock code: V03) between June 1997 and September 2005. In 2004, Mr. Pay was voted “Best Chief Financial Officer” in Singapore by Asiamoney.

From October 2005 to September 2006, Mr. Pay acted as the chief financial officer of Raffles Medical Group Ltd, a company listed on Mainboard of the Singapore Exchange Limited (stock code: BSL.SI). From October 2006 to September 2009, he acted as the executive vice president for GKG Investment Holdings Pte Ltd. With a strong entrepreneurial streak, in 2009, Mr. Pay also co-founded Accion Capital Management Pte Ltd., a registered fund management company licensed by the Monetary Authority of Singapore, and acted as its executive director from November 2009 to December 2018. He had voluntarily served as a board member of Singapore Cancer Society from April 2009 to April 2015, of which from April 2010 to April 2014 he was the treasurer of the society.



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## LETTER FROM THE BOARD

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Since March 2016, Mr. Pay has acted as a non-executive director, independent and non-executive chairman and audit committee chairman of GCCP Resources Limited, a company listed on the Catalist Board of the Singapore Exchange Limited (stock code: 41T.SI). Since April 2019, he has acted as the chief financial officer of Jurong Port.

Save as disclosed above, as at the date of this circular, each of Mr. Wang and Mr. Pay (i) does not have any relationship with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company; (ii) does not hold any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) does not hold any other positions in the Company; and (iv) has no interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there are no other matters in connection with the above appointment that need to be disclosed according to Rules 13.51(2)(h) to (v) of the Listing Rules or to be brought to the attention of the Shareholders.

Subject to the approval by the Shareholders at the AGM, the Company will enter into a service contract with each of Mr. Wang and Mr. Pay in respect of their appointments as a non-executive Director for a term commencing from the date of approval by the Shareholders at the AGM until the expiry of the current session of the Board on 9 December 2021, and each of their annual remuneration will be determined by the Board with reference to his duties, responsibilities, experience and the market condition.

In compliance with Rule 13.51 of the Listing Rules, the Company will make further announcement upon approval of the proposed election of the non-executive Directors by the Shareholders at the AGM as soon as possible.

#### **4. RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

References are made to the announcements of the Company dated 18 September 2019 and 17 December 2019, and the circular of the Company dated 3 November 2019, in relation to, among others, (i) the resignation of Mr. Lau Wai Leung Anders as an independent non-executive Director, the chairman of the audit committee of the Company and a member of the Nomination Committee, and/or (ii) the nomination/appointment of Mr. Lee Man Tai as the independent non-executive Director, the chairman of the audit committee of the Company and a member of the Nomination Committee.

According to Article 99 of the Articles of Association, any person appointed as Director by the Board to fill a temporary vacancy shall serve until the next annual general meeting of the Company, at which time the said person is eligible for re-election.

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## LETTER FROM THE BOARD

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Mr. Lee Man Tai was appointed as an independent non-executive Director to fill the temporary vacancy caused by the resignation of Mr. Lau Wai Leung Anders by a resolution passed at the EGM. Pursuant to Article 99 of the Articles of Association, Mr. Lee shall hold office until the AGM. Being eligible, Mr. Lee offers himself for re-election at the AGM. At the AGM, a resolution will be proposed to re-elect Mr. Lee as an independent non-executive Director.

The biographical details of Mr. Lee are set out as follows:

**Mr. Lee Man Tai**, aged 42, graduated from Lingnan University, Hong Kong in 2000 with a bachelor's degree in business administration and The Hong Kong Polytechnic University in 2010 with a master's degree in business administration. He was admitted as a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants in 2012. He obtained the qualification as a licensed representative for advising on dealing in securities (type 1) and advising on corporate finance (type 6) promulgated by the Securities and Futures Commission in 2017.

Mr. Lee has approximately 20 years of working experience in the financial industry. From October 2006 to October 2012, he acted as the chief financial officer and company secretary of China Yuanbang Property Holdings Limited (中國元邦房地產控股有限公司), a company listed on Mainboard of the Singapore Exchange Limited (stock code: CYBP.SP or BCD.SI). From October 2012 to May 2014, he acted as the chief financial officer and company secretary of China 33 Media Group Limited (中國三三傳媒集團有限公司), a company listed on GEM of the Stock Exchange (stock code: 8087). He acted as the chief financial officer and company secretary of Flying Financial Service Holdings Limited (匯聯金融服務控股有限公司), a company listed on GEM of the Stock Exchange (stock code: 8030), from July 2014 to April 2015 and from August 2014 to April 2015, respectively. He also acted as the financial controller and company secretary of Chanco International Group Limited (卓高國際集團有限公司) (now known as China International Development Corporation Limited (中聯發展控股集團有限公司)), a company listed on Main Board of the Stock Exchange (stock code: 264), from April 2015 to January 2016 and from April 2015 to September 2015, respectively.

Since January 2016, Mr. Lee has been an independent non-executive director of China Energy Development Holdings Limited (中國能源開發控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 228). Since November 2016, he has been an independent non-executive director of Progressive Path Group Holdings Limited (進昇集團控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 1581).

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## LETTER FROM THE BOARD

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Save as disclosed above, as at the date of this circular, Mr. Lee (i) does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders of the Company; (ii) does not hold any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) does not hold any other positions in the Company; and (iv) has no interest in shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters in connection with the above appointment that need to be disclosed according to Rules 13.51(2)(h) to (v) of the Listing Rules or to be brought to the attention of the Shareholders.

### **Recommendations of the Nomination Committee**

The Nomination Committee has reviewed the biographical details of Mr. Lee and his meeting of nomination criteria (including but not limited to, character and integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, time commitment to effectively discharge duties as Board member) set out in the nomination policy of the Company and considered the diversity aspects (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services) set out in the diversity policy of the Company, and took the view that Mr. Lee has been contributing to the Company effectively and is committed to his role as a Director. The Nomination Committee had also assessed the independence of Mr. Lee based on his annual confirmation of independence and was satisfied with his independence with reference to the criteria as set out in Rule 3.13 of the Listing Rules.

The Board accepted the recommendation by the Nomination Committee for recommending the shareholders to re-elect Mr. Lee as a Director at the AGM. He abstained from voting at the Board meeting regarding his nomination.

The Board considered that the re-election of Mr. Lee as a Director was in the best interest of the Company and the Shareholders as a whole and recommended the Shareholders to vote for his re-election at the AGM.

The term of Mr. Lee, if so re-appointed, shall commence from the date of conclusion of the AGM until the date of the expiry of the current session of the Board, which is expected to be 9 December 2021, and his annual remuneration is determined by the Board with reference to his duties, responsibilities, experience and the market condition.

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## LETTER FROM THE BOARD

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### 5. REMUNERATION OF EXECUTIVE DIRECTOR, NON-EXECUTIVE DIRECTORS AND SUPERVISORS FOR THE YEAR OF 2019

In accordance with the Articles of Association and the relevant regulatory requirements, as well as the decision-making procedures and basis for the remuneration of the Directors, including their performance, duties, responsibilities, experience and the market condition, the Company has determined the 2019 annual remuneration for the executive Director, non-executive Directors and Supervisors, subject to the review and approval by the Shareholders at the AGM, and the details of which are as follows:

#### 2019 Annual Remuneration for the Executive Director and Non-executive Directors

Name	Position	Annual	Note
		remuneration (before tax) RMB'0,000	
Mr. ZHANG Baohua	Chairman of the Board and non-executive Director	0	(resigned on 3 April 2020)
Mr. NG Chee Keong	Deputy chairman of the Board and non-executive Director	0	(resigned on 3 April 2020)
Mr. HE Zhaodi	Executive Director	49.5	
Mr. OOI Boon Hoe	Non-executive Director	0	
Mr. SHI Ruixin	Non-executive Director	0	
Mr. JIANG Zidan	Non-executive Director	0	
Total	/	<u>49.5</u>	

As regards to the 2019 annual remuneration for the independent non-executive Directors, the relevant resolution has been passed at the EGM. Please refer to the circular of the Company dated 3 November 2019 and the announcement of the Company dated 17 December 2019 for details.

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## LETTER FROM THE BOARD

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### 2019 Annual Remuneration for the Supervisors

Name	Position	Annual remuneration (before tax) RMB'0,000
Mr. WANG Wei	Chairman of the Board of Supervisors and employee Supervisor	30.1
Mr. LI Weiqing	Supervisor	0
Mr. THAM Wai Kong	Supervisor	0
Total	/	<u>30.1</u>

Certain non-executive directors and supervisors did not receive any emoluments from the Company during the year ended 31 December 2019. They received their emoluments from Rizhao Port and Jurong Port Holding (collectively “**Shareholding Companies**”) because they hold positions at the Shareholding Companies.

The proposed remuneration of the executive Director, non-executive Directors and the Supervisors has been reviewed by the remuneration committee of the Company and was determined having regard to, among other things, the Company’s operating results, individual performance, and industry and market practice.

#### 6. GENERAL MANDATE TO ISSUE H SHARES

The Company will put forward a special resolution at the AGM to grant the Issue Mandate to the Board to allot, issue and deal with additional H Shares not exceeding 20% of the H Shares in issue as at the date of passing of the relevant Shareholders’ resolution, subject to the conditions as set out in the Notice of AGM.

Any exercise of the power by the Board under the Issue Mandate will have to comply with the Articles of Association, the Company Law of the PRC and the Listing Rules and all other applicable laws, rules, regulations and requirements of relevant governmental and/or regulatory authorities.

In order to ensure flexibility and discretion for the Board to issue new H Shares, the Board believes that it is in the best interests of the Company and the Shareholders as a whole for the Issue Mandate to be granted.

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## LETTER FROM THE BOARD

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### AGM

The AGM will be held at 10:00 a.m. on Monday, 18 May 2020 at Office Building of Rizhao Port Jurong Co., Ltd. for the purpose of allowing Shareholders to consider and, if thought fit, approve the resolutions as set out in the Notice of AGM on pages 40 to 44 of this circular.

A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM 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 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM 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 formed to advise the Independent Shareholders in respect of the 2020–2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder. The Independent Financial Adviser, Crescendo Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

As at the Latest Practicable Date, Rizhao Port Group and its associates are interested in 840,000,000 Domestic Shares, representing approximately 50.6% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolution approving the 2020–2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder at the AGM.

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 any of the resolutions to be proposed at the AGM.

### CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of H Shares who will be entitled to attend the AGM, the register of members of the Company will be closed from Friday, 17 April 2020 to Monday, 18 May 2020 (both days inclusive), during which period no transfer of Shares will be registered. In order for the holders of H Shares to qualify for attending the AGM, 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 Thursday, 16 April 2020.

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## LETTER FROM THE BOARD

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### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions put forward at the AGM 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 AGM.

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

### 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 2020-2022 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 under the 2020-2022 Financial Service Framework Agreement for the period from the date of conclusion of the AGM to 31 December 2020, and the years ending 31 December 2021 and 2022 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 2020-2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 19 to 20 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 21 to 35 of this circular.

The Board (including the independent non-executive Directors) considers that the other resolutions set out in the Notice of AGM are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that the Shareholders to vote in favour of the other resolutions set out in the Notice of AGM.

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## LETTER FROM THE BOARD

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### FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
By Order of the Board  
**Rizhao Port Jurong Co., Ltd.**  
**He Zhaodi**  
*Executive Director*





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

**(Stock Code: 6117)**

15 April 2020

*To the Independent Shareholders*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTION  
AND DISCLOSEABLE TRANSACTION**

We refer to the circular dated 15 April 2020 (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 transactions under the 2020–2022 Financial Service Framework Agreement, 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 transactions under the 2020–2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder as set out in the Circular. Crescendo Capital Limited has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out in pages 21 to 35 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 2020–2022 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 appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms and conditions of the 2020–2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder, the interests of the Independent Shareholders, 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 2020-2022 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 under the 2020-2022 Financial Service Framework Agreement 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 AGM so as to approve the 2020-2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.

Your faithfully,

The Independent Board Committee of

**Rizhao Port Jurong Co., Ltd.**

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

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

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Crescendo Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in relation to the deposit and settlement services contemplated under the 2020-2022 Financial Service Framework Agreement for inclusion in this Circular.*



1506 Tai Tung Building  
8 Fleming Road  
Wanchai, Hong Kong

15 April 2020

Rizhao Port Jurong Co., Ltd.  
South End  
Haibin 5th Road  
Rizhao City, Shandong Province  
The People's Republic of China  
Attn.: The Independent Board Committee and  
the Independent Shareholders

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE 2020-2022 FINANCIAL SERVICE FRAMEWORK AGREEMENT**

### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the deposit and settlement services under the 2020-2022 Financial Service Framework Agreement (the “**Financial Services**”) and the related annual caps thereof for the period from the date of conclusion of the AGM to 31 December 2020 and each of the two years ending 31 December 2022 (the “**Annual Caps**”), details of which are set out in the Letter from the Board contained in the circular of the Company dated 15 April 2020 to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 27 March 2020 (after trading hours), the Company and RPG Finance entered into the 2020-2022 Financial Service Framework Agreement to renew the terms of transactions contemplated under the 2019 Financial Service Framework Agreement entered into between the parties on 24 May 2019. Pursuant to the 2020-2022 Financial Service Framework Agreement, RPG Finance agreed to provide the Financial Services (including deposit services and settlement services) to the Company for the term commencing from the date of conclusion of the AGM and ending on 31 December 2022.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, Rizhao Port Group was interested, directly and indirectly, in 44.46% of the total issued share capital of Rizhao Port, which is a controlling shareholder of the Company directly holding approximately 50.6% of the total issued share capital of the Company. RPG Finance was held as to 60% by Rizhao Port Group and 40% by Rizhao Port as at the Latest Practicable Date. Accordingly, RPG Finance is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules, and the transactions contemplated under the 2020-2022 Financial Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios of the Annual Caps exceeds 5% but is less than 25% on an annual basis, the Financial Services constitute (i) discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) continuing connected transactions of the Company subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In compliance with the Listing Rules, Rizhao Port Group and its associates will abstain from voting at the AGM for the relevant resolution with respect to the 2020-2022 Financial Service Framework Agreement, the Annual Caps and the transactions contemplated thereunder.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Zhang Zixue, Mr. Wu Xibin and Mr. Lee Man Tai, has been established to advise the Independent Shareholders as to whether the terms of the 2020-2022 Financial Service Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned, the Financial Services will be conducted on normal commercial terms and in the ordinary and usual course of business of the Company, and whether the terms and the Annual Caps are in the interests of the Company and Shareholders as a whole. We, Crescendo Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard and on how to vote on the resolution to be proposed at the AGM.

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the AGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purposes of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Company and the related subject of, and parties to, the 2020-2022 Financial Service Framework Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion regarding the 2020-2022 Financial Service Framework Agreement and the Annual Caps, we have considered the following principal factors and reasons:

#### **1. Background of the Company and RPG Finance**

##### ***(a) Information on the Company***

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The table below sets forth a summary of the audited financial information of the Company for the two years ended 31 December 2019 as extracted from the Company's annual report for the year ended 31 December 2019:

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	542,783	532,061
Profit for the year	141,131	149,152
	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	198,107	55,491
Net assets	2,113,992	1,407,616

According to the annual report for the year ended 31 December 2019, the revenue of the Company increased by approximately RMB10.7 million or 2.0% from approximately RMB532.1 million for the year ended 31 December 2018 to approximately RMB542.8 million for the year ended 31 December 2019. As compared to the year ended 31 December 2018, the revenue from storage service and logistics agency services increased by approximately 20.3% and 161.0% respectively while the revenue from stevedoring service and port management services decreased by approximately 1.8% and 14.1% respectively. The logistics agency services were newly launched in July 2018 and thus the revenue from this business was relatively low for the year ended 31 December 2018. Accordingly, a significant growth in revenue of logistics agency services was recorded for the year ended 31 December 2019 which had a full year of operation. Benefited from the increase in import volume of soybeans in China in 2019, the Company's revenue from soybean storage also recorded a promising growth, which contributed to the increase in the Company's revenue from storage service. On the other hand, the demand for port management services in 2019 decreased and thus the Company's revenue from port management services was also adversely impacted.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With the increase in revenue from storage service and logistics agency services, the Company recorded a growth in gross profit of approximately RMB15.4 million. Despite a significant increase in gross profit and a decrease in income tax expense of approximately RMB1.9 million, the net profit for the year of the Company decreased by RMB8.0 million or 5.4% from approximately RMB149.2 million for the year ended 31 December 2018 to approximately RMB141.1 million for the year ended 31 December 2019 due to (i) the increase in administrative expenses of approximately RMB1.5 million as a result of the increased staff costs and a donation made; (ii) the increase in listing expenses of approximately RMB5.9 million; and (iii) the increase in finance costs of approximately RMB22.1 million as a result of the impact of adoption of the International Financial Reporting Standard (“IFRS”) 16 Leases.

The cash and cash equivalents of the Company increased by RMB142.6 million or 257.0% from approximately RMB55.5 million as at 31 December 2018 to approximately RMB198.1 million as at 31 December 2019. Such increase was mainly attributable to the net effect of (i) receipt of net proceeds from listing of approximately RMB546.4 million; (ii) receipt of net proceeds from unsecured, unguaranteed and fixed-rate bank borrowings of RMB100.0 million; and (iii) payment of dividends for the previous year of RMB210.0 million.

The net assets of the Company increased by RMB706.4 million or 50.2% from approximately RMB1,407.6 million as at 31 December 2018 to approximately RMB2,114.0 million as at 31 December 2019, which was mainly attributable to (i) profit for the year of RMB141.1 million for the year ended 31 December 2019; and (ii) net proceeds from listing of approximately RMB546.4 million.

In liquidity risk management, the Company monitors and maintains a level of cash and cash equivalent deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows. As at the Latest Practicable Date, the Company maintained approximately 43.7% and 56.3% of its deposits with RPG Finance and independent commercial banks respectively. According to the Company’s audited financial statements as set out in the prospectus dated 31 May 2019, which have been prepared in accordance with the IFRSs, for the years ended 31 December 2017 and 2018 and annual report of the Company for the year ended 31 December 2019, the Company had cash and cash equivalents of approximately RMB66.5 million, RMB55.5 million and RMB198.1 million as at 31 December 2017, 31 December 2018 and 31 December 2019 respectively.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**(b) Information on RPG Finance**

RPG Finance is a limited liability company established on 20 May 2016 with a registered capital of RMB1 billion. It is licensed by CBIRC as a non-banking financial institution to provide deposit, settlement and other financial services in the PRC. Its operation is subject to the supervision of CBIRC. According to the Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) and other relevant regulations promulgated by PBOC and CBIRC, RPG Finance is permitted to provide deposit, settlement and other financial services to members of Rizhao Port Group, including the Company, only.

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

The following table sets out the key financial information of RPG Finance, as extracted from its unaudited management accounts for the year ended 31 December 2019 and its audited financial statements for the year ended 31 December 2018, respectively, both of which were prepared in accordance with the generally accepted accounting principles in the PRC:

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Net interest income	143,537	140,914
Net handling fee and commission income	550	566
Profit after taxation	87,248	78,592
	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Assets		
Loans and receivables	2,927,427	2,723,521
Cash and bank balances	1,284,525	1,808,095
Other assets	533,698	27,866
	4,745,650	4,559,482
	4,745,650	4,559,482



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	As at 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Liabilities		
Deposits received	3,485,212	3,382,996
Other liabilities	12,433	15,729
	<u>3,497,645</u>	<u>3,398,725</u>
Equity		
Share capital	1,000,000	1,000,000
Reserves	248,005	160,757
	<u>1,248,005</u>	<u>1,160,757</u>

For the year ended 31 December 2019, RPG Finance recorded profit after tax of approximately RMB87.2 million (2018: RMB78.6 million). As at 31 December 2019, RPG Finance had total assets of approximately RMB4,745.7 million (2018: RMB4,559.5 million), of which approximately RMB1,284.5 million (2018: RMB1,808.1 million) was cash and bank balances. The total liabilities of RPG Finance were approximately RMB3,497.6 million as at 31 December 2019 (2018: RMB3,398.7 million), of which approximately RMB3,485.2 million (2018: RMB3,383.0 million) was deposits received from members of Rizhao Port Group. As at 31 December 2019, the net assets of RPG Finance amounted to approximately RMB1,248.0 million (2018: RMB1,160.8 million).

As a financial institution regulated by the CBIRC, RPG Finance is required to operate in compliance with Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) and Implementation Measures of the CBIRC on Administrative Licensing on Non-bank Financial Institutions (《中國銀保監會非銀行金融機構行政許可事項實施辦法》) (collectively the “**Measures**”) to prevent possible financial risk, including credit risk. Pursuant to the Measures, RPG Finance has to fulfill certain requirements, including (but not limited to) the following:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- a. the shareholders of RPG Finance shall supplement the capital of RPG Finance as and when necessary as set out in the articles of association of RPG Finance; and
- b. RPG Finance has to maintain certain financial ratios from time to time under the Measures. The table below sets out the key financial ratio requirements of the Measures and the respective financial ratios of RPG Finance as at 31 December 2018 and 31 December 2019 respectively as provided by the Company.

<b>Financial ratios</b>	<b>Requirements</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>
Capital adequacy ratio	Not less than 10%	29.58%	31.61%
Inter-bank borrowing balances to total capital ratio	Not more than 100%	0%	0%
Total amount of outstanding guarantees to total capital ratio	Not more than 100%	28.80%	30.24%
Long-term and short-term investment to total capital ratio	Not more than 70%	0%	0%
Self-owned fixed assets to total capital ratio	Not more than 20%	1.15%	1.23%

As shown in the above table, RPG Finance complied with the key financial ratio requirements as set out in the Measures as at 31 December 2018 and 31 December 2019 respectively. We were also given to understand that PRG Finance has no material breach of the Measures since its establishment in 2016.

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

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Reasons for entering into the 2020-2022 Financial Service Framework Agreement

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

On 24 May 2019, the Company and RPG Finance entered into the 2019 Financial Service Framework Agreement which sets out the major terms and conditions for the deposit services and settlement services provided by RPG Finance. Since then, the Company has been maintaining deposits with, and using financial services of, RPG Finance during its ordinary and usual course of business. The 2019 Financial Service Framework Agreement will expire on the earlier of (i) the date of one year after the Listing Date and (ii) the date of the AGM. The Directors consider that RPG Finance is able to provide Financial Services in support of the Company's treasury activities and development and it is the intention of the Company to continue, among others, the Financial Services with RPG Finance after the expiry of the 2019 Financial Service Framework Agreement. Therefore, the Company and RPG Finance entered into the 2020-2022 Financial Service Framework Agreement on 27 March 2020 so as to renew the terms of the transactions contemplated under the 2019 Financial Service Framework Agreement.

Pursuant to the 2020-2022 Financial Service Framework Agreement, the deposit interest rates offered by RPG Finance to the Company shall be consistent with or at a premium of the prevailing deposit rate promulgated by the PBOC for the same period and the terms of the interest rate shall be no less favourable than that offered by independent commercial banks to the Company for comparable deposits of comparable periods. The 2020-2022 Financial Service Framework Agreement does not preclude the Company from using the services of other banks or financial institutions. The Company has the right to select any other major and independent PRC commercial banks as its financial service providers as it, from time to time, thinks fit and appropriate for the benefit of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Given that (i) the Company has the practical needs for the Financial Services to satisfy its business needs in its ordinary and usual course of business; (ii) RPG Finance is a financial institution in the PRC approved by the CBIRC to provide the Financial Services only to Rizhao Port Group and its subsidiaries/affiliated companies, and its operations are subject to the relevant regulations in the PRC; (iii) RPG Finance has been providing the Financial Services to the Company from time to time and the Company is satisfied with its quality of services; (iv) the entering into of the 2020-2022 Financial Service Framework Agreement shall not limit the Company's choice of banks or financial institutions for any financial services and the Company is free to make its selection of service provider based on the interest rates and/or other criteria as it thinks fit; and (v) the Financial Services to be offered by RPG Finance shall be in terms no less favourable to the Company than those offered by independent banks/financial institutions, we consider that the transactions contemplated under the 2020-2022 Financial Service Framework Agreement are normal commercial transactions conducted in the ordinary and usual course of business of the Company, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

### **3. Principal terms of the 2020-2022 Financial Service Framework Agreement**

Pursuant to the 2020-2022 Financial Service Framework Agreement, RPG Finance shall provide the Financial Services, including deposit services and settlement services, to the Company for a fixed term from the date of conclusion of the AGM to 31 December 2022 (both dates inclusive), subject to the approval from the Independent Shareholders being obtained at the AGM. Either party of the 2020-2022 Financial Service Framework Agreement can terminate such agreement by giving at least six months' prior written notice to the other party. Parties to the 2020-2022 Financial Service Framework Agreement can extend or renew such terms by mutual agreement, provided that the requirements under the relevant laws, regulations and Listing Rules are complied with.

Under the 2020-2022 Financial Service Framework Agreement, the interest rate applicable to any deposit made available to the Company by RPG Finance shall be consistent with or at a premium of the prevailing deposit interest rate promulgated by the PBOC for the same period and the terms of the interest rate shall be no less favourable than those offered to the Company by independent commercial banks for comparable deposits of comparable periods while the settlement services provided by RPG Finance will be free of charge. The Company is at its own discretion to decide the amount of deposit to be deposited with RPG Finance. However, the maximum daily balance of deposits to be deposited by the Company with RPG Finance during the term of the 2020-2022 Financial Service Framework Agreement shall not exceed RMB130 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered that (i) the interest rate of deposits to be offered by RPG Finance to the Company was committed to be not less favourable to the Company than those offered by independent third parties at the relevant time; (ii) the settlement services to be provided by RPG Finance to the Company shall be free of charge; (iii) the Company is at its own discretion to decide the amount of deposit to be placed with RPG Finance; and (iv) the 2020-2022 Financial Service Framework Agreement does not preclude the Company from using the services of other banks/ financial institutions, we consider that the terms of the 2020-2022 Financial Service Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

#### **4. Internal Control Measures**

We understand from management of the Company that in order to ensure the financial services contemplated under the 2019 Financial Service Framework Agreement were conducted on normal commercial terms and would not be prejudicial to the interests of the Company and the Shareholders as a whole, the Company had established various internal control measures for the Financial Services. According to the Company's policy, before making the deposits with RPG Finance, finance department of the Company would obtain quotations from three commercial banks in the PRC independent of the Company regarding similar deposit services and compare the interest rate offered by RPG Finance with those offered by other banks and the minimum interest rate prescribed by PBOC at such relevant time. Finance department of the Company would also check with the ledger balance and online records, which recorded, among others, the outstanding balance of deposits placed by the Company with RPG Finance, to ensure that the maximum daily balance of deposits placed by the Company with RPG Finance would not exceed the annual caps. The rates and the decision of making any deposit with RPG Finance would be reviewed and approved by the finance director of the Company. Furthermore, regular checks would be conducted quarterly by the officers of the finance department of the Company to assess whether the financial services were conducted in accordance with the terms of the relevant financial services agreement and the policy of the Company. The auditors of the Company would also conduct an annual review on the transactions.

We have reviewed four samples of approval documents, including quotations from RPG Finance and three independent banks in the PRC regarding the Company's deposits and the approval from the financial director of the Company, which we considered are representative, and noted that the procedures mentioned above were properly followed, and the interest rates offered by RPG Finance were no less favourable than those offered by other banks in the PRC and in compliance with the relevant interest rate policies imposed by PBOC for similar type of deposits at the relevant time. Management of the Company confirmed us that the abovementioned internal control policies would be consistently applied to all Financial Services to be conducted under the 2020-2022 Financial Service Framework Agreement and the terms thereof would be no less favourable to the Company than those made available from independent third parties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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

### **5. The Annual Caps**

Pursuant to the 2020-2022 Financial Service Framework Agreement, the maximum daily balance of deposits to be deposited by the Company with RPG Finance and interest income therefrom for the period from the date of conclusion of the AGM to 31 December 2020 and each of the two years ending 31 December 2022 shall not exceed RMB130 million and RMB900,000 respectively. The Annual Caps were determined based on arm's length negotiation between the parties to the 2020-2022 Financial Service Framework Agreement, taking into account (i) the historical daily deposit balance for the years ended 31 December 2017, 2018 and 2019, and for the period from 1 January 2020 to the date of the announcement of the Company dated 27 March 2020; (ii) the banking facilities the Company expects to obtain; and (iii) the expected settlement needs for other connected transactions of the Company.

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

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**(a) Historical figures**

The historical figures of the maximum daily outstanding balance of deposits placed by the Company with RPG Finance during the years ended 31 December 2017, 2018 and 2019 and the respective annual caps for the year ended 31 December 2019 and for the period from 1 January 2019 to the earlier of (i) one year after the Listing Date and (ii) the date of the AGM are set out as follows:

	Historical figures			Existing annual caps		
	For the year ended 31 December			For the period from 1 January 2020 to the Latest Practicable Date	For the year ended 31 December 2019	For the period from 1 January 2019 to the earlier of (i) one year after the Listing Date and (ii) the date of the AGM
	2017	2018	2019	RMB'000	RMB'000	RMB'000
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Maximum daily balance of deposits	108,292	135,313	227,207	89,456	300,000	100,000
Interest income	327	851	440	60	900	500
Settlement service	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

As shown in the above table, the historical figures of maximum daily balance of deposits placed by the Company with RPG Finance showed an increasing trend from approximately RMB108.3 million for the year ended 31 December 2017 to approximately RMB227.2 million for the year ended 31 December 2019, which was mainly due to the deposit of the proceeds from the global offering by the Company with RPG Finance.

**(b) Cash positions of the Company**

According to the Company's audit reports for the years ended 31 December 2017, 2018 and 2019, the Company had cash and cash equivalents of approximately RMB66.5 million, RMB55.5 million and RMB198.1 million as at 31 December 2017, 31 December 2018 and 31 December 2019 respectively. The Company maintained cash deposits with RPG Finance of approximately RMB66.5 million, RMB55.5 million and RMB86.6 million as at 31 December 2017, 31 December 2018 and 31 December 2019 respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

Given that the Annual Caps of the Financial Services is set to accommodate the maximum daily balance of deposit and interest income for the three years ending 31 December 2022, we consider that it is justifiable to use the average month-end closing balance of deposits placed with RPG Finance during the six months ended 29 February 2020 of approximately RMB108.5 million as a benchmark and then add a buffer of approximately 20% in setting the Annual Caps of the Financial Services. Based on the 7-day call deposit interest rate of 1.35% per annum published by the PBOC, the maximum annual interest income to be derived from the maximum daily deposits of RMB130 million would be RMB1.8 million, which is approximately 2 times of the proposed Annual Cap for the interest income of RMB900,000. Management of the Company anticipates that the Company will maintain a deposit balance at its maximum level of RMB130 million with RPG Finance for not more than 50% of the time during the term of the 2020-2022 Financial Service Framework Agreement. Therefore, we consider that it is reasonable for the Company to set the Annual Cap in respect of interest income at an amount lower than the possible maximum interest income.

Having considered that (i) the average month-end closing balance of deposits placed by the Company with RPG Finance amounted to approximately RMB108.5 million for the six months ended 29 February 2020; (ii) the Annual Caps only represent the highest daily amount that the Company may place with RPG Finance and there are no obligations for the Company to deposit such amounts with RPG Finance; (iii) it is commercially justifiable for the Company to have a greater flexibility in selecting deposit service providers to earn a potentially higher return; and (iv) the terms of the Financial Services are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned as detailed in the above section, we consider that the Annual Caps proposed by the Directors are fair and reasonable so far as the Independent Shareholders are concerned.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the principal factors and reasons stated above, we consider that the Financial Services contemplated under the 2020-2022 Financial Service Framework Agreement are conducted in the ordinary and usual course of business of the Company and the terms the 2020-2022 Financial Service Framework Agreement, including the Annual Caps are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we ourselves also recommend the Independent Shareholders, to vote in favor of the resolution to be proposed at the AGM to approve the Financial Services contemplated under the 2020-2022 Financial Service Framework Agreement and the Annual Caps thereof.

Yours faithfully,

For and on behalf of

**Crescendo Capital Limited**

**Amilia Tsang**

*Managing Director*

**Helen Fan**

*Director*

*Notes:*

1. Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 15 years of experience in corporate finance.
2. Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 11 years of experience in corporate finance.

**1. RESPONSIBILITY STATEMENTS**

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. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2019, the date to which the latest published audited financial statements of the Company were made up.

**3. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE**

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company and their respective associates had any interests and/or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they have taken or which they are deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the Listing Rules.

As at the Latest Practicable Date, none of the other Directors, Supervisors and chief executive was a director, supervisor or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**4. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER**

As at the Latest Practicable Date, the following Directors and Supervisor is a director, supervisor or employee in the following companies, each of which has an 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. Ooi Boon Hoe, a non-executive Director, is the chief executive officer and director of Jurong Port.
- (b) Mr. Jiang Zidan, a non-executive Director, is a supervisor of Rizhao Port Group.
- (c) Mr. Li Weiqing, a Supervisor, is the director of audit department of Rizhao Port.
- (d) Mr. Tham Wai Kong, a Supervisor, is the legal and company secretariat of Jurong Port.

**5. 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.

**6. 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)).

**7. 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 2019 (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.

**8. 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:

<b>Name</b>	<b>Qualifications</b>
Crescendo Capital Limited	a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity

- (b) As at the Latest Practicable Date, Crescendo Capital Limited did not have any shareholding in the Company nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.
- (c) Crescendo Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and opinion dated 15 April 2020 and reference to its name in the form and context in which they appear.
- (d) The letter and recommendation given by Crescendo Capital Limited are given as of the date of this circular for incorporation herein.
- (e) As at the Latest Practicable Date, Crescendo Capital Limited has no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company since 31 December 2019, being the date to which the latest published audited accounts of the Company were made up.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (a) the 2020–2022 Financial Service Framework Agreement;
- (b) the 2019 Financial Service Framework Agreement;
- (c) the letter from the Board dated 15 April 2020, the text of which is set out on pages 1 to 18 of this circular;
- (d) the letter from the Independent Board Committee dated 15 April 2020, the text of which is set out on pages 19 to 20 of this circular;
- (e) the letter from the Independent Financial Adviser dated 15 April 2020, the text of which is set out on pages 21 to 35 of this circular;
- (f) the letter of consent from the Independent Financial Adviser referred to in the above paragraph headed "8. Expert's qualifications and consents" in this appendix; and
- (g) a copy of this circular.

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## NOTICE OF 2019 ANNUAL GENERAL MEETING

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

**(Stock Code: 6117)**

### NOTICE OF 2019 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting (“AGM”) of Rizhao Port Jurong Co., Ltd. (the “Company”) will be held at 10 a.m. on Monday, 18 May 2020 at Office Building of Rizhao Port Jurong Co., Ltd. for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 15 April 2020 in relation to the AGM:

#### ORDINARY RESOLUTIONS

1. To consider and approve the 2020-2022 Financial Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.
2. To consider and approve the 2019 annual report and annual results for the year ended 31 December 2019 of the Company.
3. To consider and approve the proposed election of Mr. Wang Yufu as a non-executive director of the Company and to determine his remuneration with reference to the recommendation of the board (the “**Board**”) of directors of the Company (“**Directors**”).
4. To consider and approve the proposed election of Mr. Pay Cher Wee as a non-executive director of the Company and to determine his remuneration with reference to the recommendation of the Board.
5. To consider and approve the profit distribution plan of the Company for the year ended 31 December 2019 and the declaration of final dividend as recommended by the Board.
6. To consider and approve the proposal for the budget of the Company for the year ending 31 December 2020.
7. To consider and approve the audited financial statements and report of the auditor of the Company for the year ended 31 December 2019. (Please refer to the “Independent Auditor’s Report” in the 2019 annual report of the Company for details.)

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## NOTICE OF 2019 ANNUAL GENERAL MEETING

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8. To consider and approve the report of the Board for the year ended 31 December 2019. (Please refer to the “Directors’ Report” in the 2019 annual report of the Company for details.)
9. To consider and approve the report of the board of supervisors of the Company for the year ended 31 December 2019. (Please refer to the “Supervisors’ Report” in the 2019 annual report of the Company for details.)
10. To consider and approve the re-appointment of Grant Thornton Hong Kong Limited as the auditor of the Company for the year of 2020 and to authorise the Board to fix the remuneration thereof.
11. To consider and approve the proposed re-election of Mr. Lee Man Tai as an independent non-executive director of the Company and to determine his remuneration with reference to the recommendation of the Board.
12. To consider and approve the remuneration of the executive director, non-executive directors and supervisors of the Company for the year of 2019.

### SPECIAL RESOLUTION

13. To consider and approve the grant to the Board a general mandate to allot, issue and deal with additional H shares (the “**H Shares**”) of the Company subject to the following conditions:
  - (a) subject to paragraphs (c) to (e) below, the Board be and is hereby authorised to exercise, whether by a single exercise or otherwise, all the powers of the Company to allot, issue and deal with additional H Shares during the Relevant Period (as defined in paragraph (g) below);
  - (b) the authority granted under paragraph (a) above shall authorise the Board to make an offer or agreement or grant an option during the Relevant Period which would or might require H Shares to be allotted and issued either during or after the end of the Relevant Period;
  - (c) the aggregate number of H Shares allotted or agreed to be allotted (whether pursuant to an option or otherwise) by the Board pursuant to the authority granted under paragraphs (a) and (b) above shall not exceed 20% of the total number of H Shares in issue at the date of passing of this special resolution;
  - (d) the Board shall only exercise the authority granted under paragraphs (a) and (b) above in accordance with the Articles of Association of the Company (the “**Articles of Association**”), the Company Law of the People’s Republic of China and the Listing Rules and all other applicable laws, rules, regulations and requirements of relevant governmental and/or regulatory authorities;

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## NOTICE OF 2019 ANNUAL GENERAL MEETING

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- (e) authority granted under paragraphs (a) and (b) above shall be conditional upon the approval of the China Securities Regulatory Commission and/or any other governmental or regulatory authorities as required by the laws, rules and regulations of the PRC being obtained by the Company;
- (f) subject to paragraph (e) above, the Board be and is hereby authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary or appropriate in connection with the issue of such new H Shares; and
  - (ii) increase the registered capital of the Company pursuant to the issue of such new H Shares and make such corresponding amendments to the Articles as it thinks fit so as to reflect the new capital structure of the Company; and
- (g) for the purpose of this special resolution, “**Relevant Period**” means the period from the passing of this special resolution until the earliest of:
  - (i) the expiration of a period of twelve months following the passing of this special resolution;
  - (ii) the conclusion of the next annual general meeting following the passing of this special resolution; and
  - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting.

By Order of the Board  
**Rizhao Port Jurong Co., Ltd.**  
**He Zhaodi**  
*Executive Director*

Rizhao, PRC, 15 April 2020

*As at the date of this notice, the board of directors of the Company comprises Mr. He Zhaodi as the executive director of the Company; Mr. Ooi Boon Hoe, Mr. Shi Ruxin and Mr. Jiang Zidan as non-executive directors of the Company; and Mr. Zhang Zixue, Mr. Wu Xinbin and Mr. Lee Man Tai as the independent non-executive directors of the Company.*



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## NOTICE OF 2019 ANNUAL GENERAL MEETING

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*Notes:*

1. All votes of resolutions at the AGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rzportjuron.com](http://www.rzportjuron.com)) in accordance with the Listing Rules.
2. In order to determine the holders of H Shares who will be entitled to attend the AGM, the register of members of the Company will be closed from Friday, 17 April 2020 to Monday, 18 May 2020 (both days inclusive), during which period no transfer of Shares will be registered. In order for the holders of H Shares to qualify for attending the AGM, 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 Thursday, 16 April 2020.
3. The Board has recommended a final dividend of RMB0.024 per share (tax inclusive) for the year ended 31 December 2019, totalling approximately RMB40,000,000. If the profit distribution plan is approved by the shareholders of the Company by way of an ordinary resolution at the AGM to be held on 18 May 2020, the final dividend is expected to be distributed on or before 31 August 2020 to all shareholders of the Company whose names appear on the register of members of the Company on 27 May 2020.

To determine the identity of the shareholders of the Company entitled to receive the final dividend, the register of holders of H Shares of the Company will be closed from Friday, 22 May 2020 to Wednesday, 27 May 2020 (both days inclusive) during which no transfer of H Shares will be registered. In order to qualify for entitlement to the proposed final dividend, all transfers of H Shares accompanied by the relevant share certificates and transfer forms 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, Hong Kong for registration not later than 4:30 p.m. Thursday, 21 May 2020.

Final dividend for holders of domestic shares of the Company will be declared and calculated in RMB and paid in RMB, whereas final dividend for holders of H shares of the Company will be declared and calculated in RMB and paid in Hong Kong dollars. The exchange rate shall be determined in accordance with the related national regulations on foreign exchange control.

As stipulated by the Notice on Issues Relating to Corporate Income Tax Withholding over Dividends Distributable to their H-share Shareholders who are Overseas Non-resident Enterprises by Chinese Resident Enterprises published by the State Administration of Taxation (Guoshuihan [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (國稅函[2008]897號), when Chinese resident enterprises distribute annual dividends for the year 2008 and years thereafter to their H-share shareholders who are overseas non-resident enterprises, corporate income tax shall be withheld at a uniform rate of 10%. According to this, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders of the Company whose names appear on the H share register of members of the Company at the close of business on Wednesday, 27 May 2020. Any shares registered in the name of the non-individual registered shareholders of the Company, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the corporate income tax.

Pursuant to the requirements of Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] No. 020) (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (財稅字[1994]020號), the foreign individual shareholders who hold the H Shares of the Company are exempted from individual income tax on dividends and bonus received from the Company (as foreign-invested enterprises in the PRC). If otherwise stipulated by other relevant tax laws, regulations and tax treaties, the Company will withhold and pay the individual income tax for the dividends and bonus at the rate and with the procedures in accordance with relevant provisions.

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## NOTICE OF 2019 ANNUAL GENERAL MEETING

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The Company assumes no liability whatsoever in respect of any claims arising from any delay in, or inaccurate determination of, the status of the shareholders of the Company, or any disputes over the mechanism of withholding and payment.

4. Any shareholders entitled to attend and vote at the AGM can appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a shareholder.
5. 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 authorization documents shall be notarized. 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 AGM 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.
6. If a proxy attends the AGM 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 AGM, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the board of directors or other authority or other notarized copy of any authorization documents issued by such corporate shareholder.
7. 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
8. The AGM is expected to last for no more than half a day. Shareholders who attend the AGM (in person or by proxy) shall bear their own travelling and accommodation expenses.