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日照港裕廊股份有限公司
RIZHAO PORT JURONG CO., LTD.

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

(Stock Code: 6117)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to (i) the announcements of the Company dated 26 November 2021 and 7 December 2022; and (ii) the circulars of the Company dated 15 January 2022 and 20 January 2023 in relation to, among other things, the Existing Continuing Connected Transactions in respect of agreements for the provision of services and/or the lease of properties between Rizhao Port Group and the Company, which will expire on 31 December 2024.

In order to determine the annual caps of the continuing connected transactions with Rizhao Port Group for the three years ending 31 December 2027, after negotiations with Rizhao Port Group, on 13 December 2024, the Company entered into the Connected Transaction Agreements with Rizhao Port Group with a term commencing from 1 January 2025 or the conclusion of the EGM (as the case may be) and ending on 31 December 2027.

LISTING RULES IMPLICATIONS

Rizhao Port Group is a controlling shareholder of the Company and hence is a connected person of the Company under the Listing Rules.

Regarding each of the Exempt Continuing Connected Transactions, as the highest of all applicable percentage ratios for the relevant Proposed Annual Caps is higher than 0.1% but less than 5% on an annual basis, the Exempt Continuing Connected Transactions are subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Regarding each of the Non-Exempt Continuing Connected Transactions, as the highest of all applicable percentage ratios for the relevant Proposed Annual Caps is higher than 5% on an annual basis, the Non-Exempt Continuing Connected Transactions are subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Non-Exempt Continuing Connected Transactions (together with the relevant Proposed Annual Caps) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

TC Capital will be appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps.

As at the date of this announcement, Rizhao Port Group and its associates are interested in 840,000,000 Domestic Shares, representing approximately 50.6% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolutions approving the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps at the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the relevant resolutions approving the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps at the EGM.

A circular containing, among others, (i) further details of the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM with the proxy form will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.rzportjurong.com) and provided to the Shareholders upon request. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be published and provided to the Shareholders upon request on or before 15 January 2025.

A. CONTINUING CONNECTED TRANSACTIONS

Reference is made to (i) the announcements of the Company dated 26 November 2021 and 7 December 2022; and (ii) the circulars of the Company dated 15 January 2022 and 20 January 2023 in relation to, among other things, the Existing Continuing Connected Transactions in respect of agreements for the provision of services and/or the lease of properties between Rizhao Port Group and the Company, which will expire on 31 December 2024.

In order to determine the annual caps of the continuing connected transactions with Rizhao Port Group for the three years ending 31 December 2027, after negotiations with Rizhao Port Group, on 13 December 2024, the Company entered into the Connected Transaction Agreements with Rizhao Port Group with a term commencing from 1 January 2025 or the conclusion of the EGM (as the case may be) and ending on 31 December 2027.

Set out below is a summary of the Connected Transaction Agreements, the transactions contemplated thereunder, the relevant Proposed Annual Caps and the basis for determining the relevant Proposed Annual Caps.

1. 2025 – 2027 Property Lease (Sale) Framework Agreement

Date:	13 December 2024
Parties:	(a) the Company; and (b) Rizhao Port Group (for itself and on behalf of its subsidiaries), the controlling shareholder of the Company, and hence a connected person of the Company.
Term:	From 1 January 2025 to 31 December 2027 (which will be automatically renewed for three years upon expiration unless notified by the Company to the contrary in writing six months prior to the expiration)
Nature of transaction:	Rizhao Port Group agreed to lease from the Company the West-1 berth, West-2 berth and temporarily leased berths and other relevant properties from time to time.

Pricing policy: The rent in respect of the lease of the West-1 berth, West-2 berth and temporarily leased berths was determined by both parties through arm's length negotiation with reference to (a) area leased, geographic location and profile of the surrounding area; (b) historical rent; and (c) depreciation costs of such assets plus an expected rate of return.

Historical amounts and existing annual caps

The historical transaction amounts and the existing annual caps are set out as follows:

	For the year ended 31 December 2022		For the year ended 31 December 2023		For the year ending 31 December 2024	
	Annual caps	Actual amount	Annual caps	Actual amount	Annual caps	Actual amount (up to 30 November 2024)
Property	<i>RMB</i>	<i>RMB</i> (audited)	<i>RMB</i>	<i>RMB</i> (audited)	<i>RMB</i>	<i>RMB</i> (unaudited)
West-1 berth and West-2 berth	8,260,000	4,164,000	8,260,000	5,122,000	8,260,000	3,644,000
West-6 berth	14,500,000	0	14,500,000	0	14,500,000	0
Temporarily leased berths	5,000,000	1,487,000	5,000,000	2,474,000	5,000,000	2,295,000
Total	<u>27,760,000</u>	<u>5,651,000</u>	<u>27,760,000</u>	<u>7,596,000</u>	<u>27,760,000</u>	<u>5,939,000</u>

Proposed Annual Caps

The Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 Property Lease (Sale) Framework Agreement are set out as follows:

Property	For the years ending 31 December		
	2025	2026	2027
	RMB	RMB	RMB
West-1 berth and West-2 berth	5,500,000	5,500,000	5,500,000
Temporarily leased berths	5,000,000	5,000,000	5,000,000
Total	<u>10,500,000</u>	<u>10,500,000</u>	<u>10,500,000</u>

The Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 Property Lease (Sale) Framework Agreement were determined with reference to (a) the existing lease contracts the Company has entered into with Rizhao Port Group or its subsidiaries and the unperformed contractual amounts; (b) historical rent of the relevant property and expected fluctuation in the rent; and (c) additional lease the Company may enter into with Rizhao Port Group or its subsidiaries according to the estimated utilisation rate of the Company's properties and the demand for the temporary use of the berths by Rizhao Port Group or its subsidiaries.

Reasons for the transaction

The Company will continue to lease the properties to Rizhao Port Group because (a) the transactions for the lease of the West-1 berth and the West-2 berth were conducted between subsidiaries of Rizhao Port Group (including the Company) and have lasted for a long period of time; (b) temporarily leasing the Company's berths to other subsidiaries within Rizhao Port Group from time to time when they are not fully utilised by the Company's clients may increase efficiency and generate revenue, which is beneficial to the Company; and (c) Rizhao Port Group has the commercial and operational needs to rent the properties from the Company in Shijiu port area. The Directors are of the view that the entering into of the 2025 – 2027 Property Lease (Sale) Framework Agreement will continue to generate operating revenue to the Company and will benefit the Company's revenue growth and future development.

Listing Rules implications

As the highest of all applicable percentage ratios in respect of the Proposed Annual Caps under the 2025 – 2027 Property Lease (Sale) Framework Agreement is higher than 0.1% but less than 5% on an annual basis, the entering into of the 2025 – 2027 Property Lease (Sale) Framework Agreement and the transactions contemplated thereunder is subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

2. 2025 – 2027 Property Lease (Procurement) Framework Agreement

Date: 13 December 2024

Parties: (a) the Company; and
(b) Rizhao Port Group (for itself and on behalf of its subsidiaries), the controlling shareholder of the Company, and hence a connected person of the Company.

Term: From the conclusion of the EGM to 31 December 2027 (which will be automatically renewed for three years upon expiration (a) unless notified by the Company to the contrary in writing six months prior to the expiration; or (b) subject to the approval of the Company's independent shareholders and/or the compliance with other relevant securities regulatory requirements pursuant to the Listing Rules)

Nature of transaction: The Company agreed to lease from Rizhao Port Group (a) land occupied for silo phase III, (b) land occupied by West-18 berth and the land behind it, (c) warehouses, (d) complex building, (e) anticipated new lease of lands, (f) temporarily leased berths; and (g) other properties the Company may lease from Rizhao Port Group in the future from time to time.

Pricing policy: The rent is determined through arm's length negotiation with reference to (a) area leased, geographic location and profile of the surrounding area; (b) historical rent; (c) depreciation costs of such assets plus an expected rate of return and (d) the rent charged by Independent Third Parties for similar offices nearby (applicable to the complex building only). In addition, a certain percentage of the profit from the West-18 berth will be paid to Rizhao Port Group as part of the rental fee for the land occupied by and behind the West-18 berth.

Historical amounts and existing annual caps

The historical transaction amounts and the existing annual caps are set out as follows:

	For the year ended 31 December 2022		For the year ended 31 December 2023		For the year ending 31 December 2024	
	Annual caps <i>RMB</i>	Actual amount <i>RMB</i> (audited)	Annual caps <i>RMB</i>	Actual amount <i>RMB</i> (audited)	Annual caps <i>RMB</i>	Actual amount (up to 30 November 2024) <i>RMB</i> (unaudited)
Property						
<i>Right-of-use assets</i>						
Land occupied for Rizhao Port						
Grain Base Project	0	0	88,200,000	88,100,000	0	0
Land occupied by and behind the						
West-18 berth	32,000,000	20,752,000	0	0	0	0
Warehouses	19,000,000	13,603,000	0	0	0	0
Complex building	980,000	980,000	0	0	0	0
New lease of office building	0	0	1,450,000	0	0	0
Total value of right-of-use assets relating to the leases to be entered into by the Company	<u>51,980,000</u>	<u>35,335,000</u>	<u>89,650,000</u>	<u>88,100,000</u>	<u>0</u>	<u>0</u>

	For the year ended 31 December 2022		For the year ended 31 December 2023		For the year ending 31 December 2024	
	Annual caps RMB	Actual amount RMB (audited)	Annual caps RMB	Actual amount RMB (audited)	Annual caps RMB	Actual amount (up to 30 November 2024) RMB (unaudited)
<i>Variable lease payments</i>						
Land occupied by and behind the						
West-18 berth	22,880,000	13,452,000	22,880,000	13,839,000	22,880,000	22,000,000
Anticipated new lease of lands	4,628,000	4,169,000	4,628,000	4,220,000	4,628,000	0
Temporarily leased berths	2,893,000	587,000	2,893,000	980,000	2,893,000	870,000
Total variable lease payments linked to revenue and short term lease payments payable by the Company	<u>30,401,000</u>	<u>18,208,000</u>	<u>30,401,000</u>	<u>19,039,000</u>	<u>30,401,000</u>	<u>22,870,000</u>
Total	<u>82,381,000</u>	<u>53,543,000</u>	<u>120,051,000</u>	<u>107,139,000</u>	<u>30,401,000</u>	<u>22,870,000</u>

Proposed Annual Caps

Pursuant to IFRS 16 – Leases, the lease of properties by the Company as lessee will be recognised as right-of-use assets. Correspondingly, the Company is required to set annual caps based on the total value of right-of-use assets relating to the leases to be entered into by the Company as a lessee in each year under the 2025 – 2027 Property Lease (Procurement) Framework Agreement.

In addition, pursuant to IFRS 16 – Leases, the variable lease payments linked to revenue generated from the leased properties and short-term lease payments will be recognised as expenses incurred by the Company. Accordingly, the Company is required to set annual caps for the variable lease payments and other short-term lease payments payable by the Company in each year under the 2025 – 2027 Property Lease (Procurement) Framework Agreement.

The Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 Property Lease (Procurement) Framework Agreement are set out as follows:

Property	For the years ending 31 December		
	2025 <i>RMB</i>	2026 <i>RMB</i>	2027 <i>RMB</i>
<i>Right-of-use assets</i>			
Land occupied for silo phase III	21,540,000	0	0
Land occupied by and behind West-18 berth	0	21,000,000	0
Warehouses	41,000,000	0	0
Complex building	1,740,000	0	0
Total value of right-of-use assets relating to the leases to be entered into by the Company	<u>64,280,000</u>	<u>21,000,000</u>	<u>0</u>
<i>Variable lease payments</i>			
Anticipated new lease of lands	1,500,000	1,500,000	1,500,000
Land occupied by and behind West-18 berth	23,790,000	23,790,000	23,790,000
Temporarily leased berths	1,000,000	1,000,000	1,000,000
Total variable lease payments linked to revenue and short term lease payments payable by the Company	<u>26,290,000</u>	<u>26,290,000</u>	<u>26,290,000</u>
Total Proposed Annual Caps	<u>90,570,000</u>	<u>47,290,000</u>	<u>26,290,000</u>

The Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 Property Lease (Procurement) Framework Agreement represent the estimated maximum value of the sum of (i) the total value of right-of-use assets relating to the leases to be or expected to be entered into by the Company in each of the three years ending 31 December 2027; and (ii) the total variable lease payments linked to revenue generated from the leased properties and other short-term lease payments payable by the Company to Rizhao Port Group in each of the three years ending 31 December 2027.

The Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 Property Lease (Procurement) Framework Agreement were determined with reference to (a) the existing lease contracts the Company has entered into with Rizhao Port Group and the unperformed contractual amounts; (ii) historical rent and expected fluctuation in the rent; and (iii) additional lease the Company may enter into with Rizhao Port Group according to the Company's development plans.

Reasons for the transaction

The land and properties the Company leases from Rizhao Port Group pursuant to the 2025 – 2027 Property Lease (Procurement) Framework Agreement are located close to the Company's operations in Shijiu port area, and are mainly used for port operations and daily office use. The Company did not purchase such land and properties from Rizhao Port Group because acquisition of such land and properties may incur substantial cost and is not commercially sensible for the Company. The Company has been leasing such land and properties from Rizhao Port Group for a long period of time, and it is convenient and efficient for the Company to keep the office close to the Company's operations. Therefore, the Directors are of the view that the continuance of such transactions is cost efficient and is in the best interest of the Shareholders as a whole.

Listing Rules implications

As the highest of all applicable percentage ratios in respect of the Proposed Annual Caps under the 2025 – 2027 Property Lease (Procurement) Framework Agreement is higher than 5% on an annual basis, the entering into of the 2025 – 2027 Property Lease (Procurement) Framework Agreement and the transactions contemplated thereunder is subject to reporting, annual review, announcement and independent shareholders' requirements under Chapter 14A of the Listing Rules.

3. 2025 – 2027 General Service (Procurement) Framework Agreement

Date: 13 December 2024

Parties: (a) the Company; and

(b) Rizhao Port Group (for itself and on behalf of its subsidiaries), the controlling shareholder of the Company, and hence a connected person of the Company.

Term: From the conclusion of the EGM to 31 December 2027 (which will be automatically renewed for three years upon expiration (a) unless notified by the Company to the contrary in writing one month prior to the expiration; or (b) subject to the approval of the Company's independent shareholders and/or the compliance with other relevant securities regulatory requirements pursuant to the Listing Rules)

Nature of transaction: The Company agreed to procure from Rizhao Port Group services including (a) port-related services; (b) railway services; (c) security services; (d) maintenance services; (e) port-related technology services; (f) office and logistics services; and (g) utilities and consumables, and other services the Company may procure from Rizhao Port Group in the future from time to time.

Pricing policy: (a) For port-related services, the fee rates for logistics (other than container logistics), labor contracting and port cleaning services are determined with reference to (i) the comparable service fee rates charged by Independent Third Parties and (ii) the workload and the suppliers are selected through public bidding processes. The fee rates for ship traction and container logistics services are determined through arm's length negotiation with reference to (i) historical fee rates; (ii) the cost of the relevant services; and (iii) the fee rates charged for similar services by Independent Third Parties (applicable to container logistics services only).

- (b) For railway services, the fee rates are determined through arm's length negotiation with reference to (i) the laws and regulations promulgated by relevant state departments and the uniform price for railway services in the port area; (ii) historical fee rates; and (iii) transportation distances.
- (c) For security services, the fee rates for the port facilities security services are determined by the pricing in the market and the fee rates for the security inspection services are determined through arm's length negotiation with reference to (i) historical fee rates and (ii) the cost of the relevant services.
- (d) For maintenance services, the fee rates are determined with reference to (i) the comparable service fee rates charged by Independent Third Parties, (ii) the workload, (iii) the construction period, and (iv) the other cost of such services and the suppliers are selected through public bidding processes.
- (e) For port-related technology services, the fee rates are determined through arm's length negotiation with reference to (i) historical fee rates; (ii) the cost of the relevant services; and (iii) the fee rates charged for similar services by Independent Third Parties.
- (f) For office and logistics services, the fee rates for printing, catering, accommodation, meeting, employee benefits, garbage removal services are determined with reference to the comparable service fee rates charged by Independent Third Parties and the suppliers are selected through public bidding processes. The fee rates for telephone, networks and protective gears supplies services are determined through arm's length negotiation with reference to (i) historical fee rates; (ii) the cost of the relevant services; and (iii) the fee rates charged for similar services by Independent Third Parties.

- (g) For utilities and consumables, the fee rates are determined through arm's length negotiation with reference to (i) historical fee rates; (ii) the cost of the relevant services; and (iii) the fee rates charged for similar services by Independent Third Parties.

Historical amounts and existing annual caps

The historical transaction amounts and the existing annual caps are set out as follows:

	For the year ended 31 December 2022		For the year ended 31 December 2023		For the year ending 31 December 2024	
	Annual caps RMB	Actual amount RMB (audited)	Annual caps RMB	Actual amount RMB (audited)	Annual caps RMB	Actual amount (up to 30 November 2024) RMB (unaudited)
Port-related services	85,317,000	58,016,000	85,317,000	66,603,000	85,317,000	47,482,000
Railway services	15,400,000	14,525,000	15,400,000	13,494,000	15,400,000	13,413,000
Security services	1,786,000	1,367,000	1,786,000	1,469,000	1,786,000	1,332,000
Maintenance services	18,451,000	7,766,000	18,451,000	14,103,000	18,451,000	16,960,000
Port-related technology services	2,238,000	870,000	2,238,000	1,415,000	2,238,000	2,052,000
Office and logistics services	4,634,000	3,698,000	4,634,000	3,037,000	4,634,000	347,000
Utilities and consumables	33,684,000	32,644,000	33,684,000	30,870,000	33,684,000	28,505,000
Total	<u>161,510,000</u>	<u>118,886,000</u>	<u>161,510,000</u>	<u>130,991,000</u>	<u>161,510,000</u>	<u>110,091,000</u>

Proposed Annual Caps

The Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 General Service (Procurement) Framework Agreement are set out as follows:

	For the years ending 31 December		
	2025	2026	2027
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Port-related services	130,400,000	130,900,000	131,400,000
Railway services	16,000,000	16,000,000	16,000,000
Security services	2,200,000	2,200,000	2,200,000
Maintenance services	22,050,000	22,050,000	22,050,000
Port-related technology services	3,700,000	3,900,000	4,000,000
Office and logistics services	470,000	470,000	470,000
Utilities and consumables	36,300,000	36,600,000	36,800,000
Total	<u>211,120,000</u>	<u>212,120,000</u>	<u>212,920,000</u>

The Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 General Service (Procurement) Framework Agreement were determined with reference to (a) the existing service contracts the Company has entered into with Rizhao Port Group and the unperformed contractual amounts; (b) historical service fee rate and expected fluctuation in the rate; (c) expected increase in need due to the Company's development plans; and (d) the estimated maintenance fees for the Company's constructions, equipment and IT systems.

Reasons for the transaction

The Company will continue to procure such services from Rizhao Port Group because (a) these transactions were conducted between subsidiaries of Rizhao Port Group (including the Company) and have lasted for a long period of time and (b) ceasing such transactions may incur unnecessary costs to the Company and is not commercially sensible. In addition, with respect to each type of the services:

- (a) For port-related services, Rizhao Port Group is the operator of the Port of Rizhao and the only provider of ship traction and container logistics services in the area. For labor contracting, port cleaning and rest of the logistics services, Rizhao Port Group may win the bids through public bidding process.

- (b) For railway services, Rizhao Port Group is the owner of all of the railways in the Port of Rizhao and is the only provider of such services.
- (c) For security services, the Company is a provider of port facilities security services approved by the Department of Public Security of Shandong Province. As to security inspection services, Rizhao Port Group is the only provider of such services in the Port of Rizhao.
- (d) For maintenance services, all of the Company's buildings, facilities, equipment and information system are located in the Port of Rizhao and Rizhao Port Group has the expertise and experience in providing such services. Rizhao Port Group may win the bids through public bidding process.
- (e) For port-related technology services, the Company procures port-related technology services to access the centralised port operation and management system, which is essential for the operation of the Company's business. Rizhao Port Group may win the bids through public bidding process.
- (f) For office and logistics services, Rizhao Port Group is the only provider of telephone, networks and protective gears supplies services in the Port of Rizhao. For the rest of the office and logistics services, Rizhao Port Group has been providing hotel catering, gifts and other hospitality services for the Company on an ongoing basis.
- (g) For utilities and consumables, Rizhao Port Group is the only provider of water, electricity and fuels in the Port of Rizhao.

Listing Rules implications

As the highest of all applicable percentage ratios in respect of the Proposed Annual Caps under the 2025 – 2027 General Service (Procurement) Framework Agreement is higher than 5% on an annual basis, the entering into of the 2025 – 2027 General Service (Procurement) Framework Agreement and the transactions contemplated thereunder is subject to reporting, annual review, announcement and independent shareholders' requirements under Chapter 14A of the Listing Rules.

4. 2025 – 2027 Port-related Service (Sale) Framework Agreement

Date: 13 December 2024

Parties: (a) the Company; and
(b) Rizhao Port Group (for itself and on behalf of its subsidiaries), the controlling shareholder of the Company, and hence a connected person of the Company.

Term: From 1 January 2025 to 31 December 2027 (which will be automatically renewed for three years upon expiration unless notified by the Company to the contrary in writing one month prior to the expiration)

Nature of transaction: The Company agreed to provide stevedoring services to Rizhao Port Group and other port-related services that the Company may provide to Rizhao Port Group from time to time.

Pricing policy: The service fee rates in relation to the port-related services were determined by both parties through arm's length negotiation with reference to (a) the cost of the relevant services; and (b) the market service fee rate charged by comparable service providers who are Independent Third Parties.

Historical amounts and existing annual caps

The historical transaction amounts and the existing annual caps are set out as follows:

	For the year ended 31 December 2022		For the year ended 31 December 2023		For the year ending 31 December 2024	
	Annual caps <i>RMB</i>	Actual amount <i>RMB</i> (audited)	Annual caps <i>RMB</i>	Actual amount <i>RMB</i> (audited)	Annual caps <i>RMB</i>	Actual amount (up to 30 November 2024) <i>RMB</i> (unaudited)
Stevedoring services	20,700,000	19,116,000	18,600,000	13,077,000	16,500,000	0
Cargo supervision services	800,000	0	800,000	0	800,000	0
Total	<u>21,500,000</u>	<u>19,116,000</u>	<u>19,400,000</u>	<u>13,077,000</u>	<u>17,300,000</u>	<u>0</u>

Proposed Annual Caps

The Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 Port-related Service (Sale) Framework Agreement are set out as follows:

	For the years ending 31 December		
	2025 <i>RMB</i>	2026 <i>RMB</i>	2027 <i>RMB</i>
Stevedoring services	<u>26,700,000</u>	<u>26,700,000</u>	<u>26,700,000</u>

The Proposed Annual Caps for the transactions contemplated under the 2025 – 2027 Port-related Service (Sale) Framework Agreement were determined with reference to (a) the historical amount of fees payable by Rizhao Port Group to the Company for the provision of stevedoring services; (b) the existing demand for such services; and (c) the anticipated increase in the demand for such services, taking into account the anticipated growth and development of the scale and operations of the businesses of Rizhao Port Group and its development of potential new clients.

Reasons for the transaction

The Company provides stevedoring services to Rizhao Port Group under the 2025 – 2027 Port-related Service (Sale) Framework Agreement. Rizhao Port Group provides agency services to cargo owners and take their instructions to load and unload cargos at designated berths. Rizhao Port Group will procure stevedoring services or commission operations from the Company when it deals with grains and woodchips cargo owners in Shijiu port area. Due to the increase in demand for stevedoring services provided by the Company, the Directors are of the view that the entering into of the 2025 – 2027 Port-related Service (Sale) Framework Agreement will continue to generate operating revenue to the Company and will benefit the Company's revenue growth and future development.

Listing Rules implications

As the highest of all applicable percentage ratios in respect of the Proposed Annual Caps under the 2025 – 2027 Port-related Service (Sale) Framework Agreement is higher than 0.1% but less than 5% on an annual basis, the entering into of 2025 – 2027 Port-related Service (Sale) Framework Agreement and the transactions contemplated thereunder is subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

B. INTERNAL CONTROL MEASURES

The Company has established the following internal control measures to ensure that the pricing mechanism and the terms of the transactions contemplated under the Connected Transaction Agreements are fair and reasonable and no more favourable to the connected persons than the terms offered by the Company to the Independent Third Parties or no less favourable than the terms offered to the Company from the Independent Third Parties (as applicable):

- (a) Before entering into any individual agreement under the Connected Transaction Agreements, the staff of various departments (including production business center and securities affairs office) will collect transaction information of previous similar transactions (with Independent Third Parties) and (if any) available market price for similar transactions and further review and assess the specific terms and conditions of such individual agreements to ensure that (i) the individual agreements would be in accordance with the terms of the Connected Transaction Agreements and the pricing policies of the Company; and (ii) the overall terms of the individual agreements are no more favourable to the connected persons than those which have been offered or to be offered by the Company to the Independent Third Parties or no less favourable than the terms offered to the Company from the Independent Third Parties (as applicable);
- (b) The finance office of the Company will perform half-yearly check on the transactions entered into under the Connected Transaction Agreements to ensure compliance with pricing policies;
- (c) The relevant department of the Company carrying out the specific connected transactions under the Connected Transaction Agreements will closely monitor the actual transaction amounts on a monthly basis. If the actual transaction amounts reach approximately 85% of the Proposed Annual Caps at any time of the year, the relevant department will report to the senior management of the Company, which will seek advice from the audit committee of the Company, and the Board will consider taking appropriate measures to revise the Proposed Annual Caps and comply with the relevant announcement and/or shareholders' approval requirements in accordance with the Listing Rules;
- (d) The finance office of the Company will perform quarterly check on the transactions entered into under the Connected Transaction Agreements and report to the audit committee of the Company and the Board to ensure that the Proposed Annual Caps will not be exceeded;

- (e) The Company will conduct internal control review and financial audit on an annual basis, financial monitoring and decision analysis on a half-yearly basis, so as to ensure that the terms of the Connected Transaction Agreements and the pricing policies are complied with;
- (f) The auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions entered into under the Connected Transaction Agreements in accordance with the Listing Rules; and
- (g) The Company's internal audit office will focus on the above internal control measures as part of their ongoing work plan and will report to the audit committee of the Company and the Board on a semi-annual basis.

C. 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.

Rizhao Port Group, a company incorporated in the PRC with limited liability, is principally engaged in port operations, logistics, construction, finance and trade. Rizhao Port Group is a direct wholly-owned subsidiary of Shandong Port Group, which is a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission.

D. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

In addition to the reasons set out above, the Directors are of the view that the continuing connected transactions set out in this announcement have been and will continue to be beneficial to the Company and will facilitate the growth and development of the Company.

Regarding each of the Exempt Continuing Connected Transactions, the Directors (including the independent non-executive Directors) are of the view that the terms of the Exempt Continuing Connected Transactions (including the Proposed Annual Caps) are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

Regarding each of the Non-Exempt Continuing Connected Transactions, the Directors (excluding all the independent non-executive Directors who will give their opinion based on the recommendations from the Independent Financial Adviser) are of the view that the terms of the Non-Exempt Continuing Connected Transactions (including the Proposed Annual Caps) are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

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

E. LISTING RULES IMPLICATIONS

Rizhao Port Group is a controlling shareholder of the Company and hence is a connected person of the Company under the Listing Rules.

Regarding each of the Exempt Continuing Connected Transactions, as the highest of all applicable percentage ratios in respect of the relevant Proposed Annual Caps is higher than 0.1% but less than 5% on an annual basis, the Exempt Continuing Connected Transactions are subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Regarding each of the Non-Exempt Continuing Connected Transactions, as the highest of all applicable percentage ratios in respect of the relevant Proposed Annual Caps is higher than 5% on an annual basis, the Non-Exempt Continuing Connected Transactions are subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

F. GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Non-Exempt Continuing Connected Transactions (together with the relevant Proposed Annual Caps) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

TC Capital will be appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps.

As at the date of this announcement, Rizhao Port Group and its associates are interested in 840,000,000 Domestic Shares, representing approximately 50.6% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolutions approving the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps at the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the relevant resolutions approving the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps at the EGM.

A circular containing, among others, (i) further details of the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM with the proxy form will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.rzportjurong.com) and provided to the Shareholders upon request. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be published and provided to the Shareholders upon request on or before 15 January 2025.

G. DEFINITIONS

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

“2025 – 2027 General Service (Procurement) Framework Agreement”	the general service (procurement) framework agreement dated 13 December 2024 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)
“2025 – 2027 Port-related Service (Sale) Framework Agreement”	the port-related service (sale) framework agreement dated 13 December 2024 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)
“2025 – 2027 Property Lease (Procurement) Framework Agreement”	the property lease (procurement) framework agreement dated 13 December 2024 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)
“2025 – 2027 Property Lease (Sale) Framework Agreement”	the property lease (sale) framework agreement dated 13 December 2024 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6117)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Connected Transaction Agreements”	collectively, (a) the 2025 – 2027 Property Lease (Sale) Framework Agreement, (b) the 2025 – 2027 Property Lease (Procurement) Framework Agreement, (c) the 2025 – 2027 General Service (Procurement) Framework Agreement, and (d) the 2025 – 2027 Port-related Service (Sale) Framework Agreement
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under PRC laws
“EGM”	an extraordinary general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps
“Exempt Continuing Connected Transactions”	the continuing connected transactions contemplated under each of (a) the 2025 – 2027 Property Lease (Sale) Framework Agreement and (b) the 2025 – 2027 Port-related Service (Sale) Framework Agreement
“Existing Continuing Connected Transactions”	collectively, the continuing connected transactions under the following agreements: <ul style="list-style-type: none"> (a) the property lease (sale) framework agreement dated 26 November 2021 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries); (b) the property lease (procurement) framework agreement dated 26 November 2021, as amended by the property lease (procurement) supplemental framework agreement dated 7 December 2022, entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries);

	<p>(c) the general service (procurement) framework agreement dated 26 November 2021 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries); and</p> <p>(d) the port-related service (sale) framework agreement dated 26 November 2021 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)</p>
“H Share(s)”	overseas listed shares in the share capital of the Company with a nominal value of RMB1.00 each, listed and traded on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin, established to advise the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps
“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps

“Independent Third Party(ies)”	an individual or a company which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Non-Exempt Continuing Connected Transactions”	the continuing connected transactions contemplated under each of (a) the 2025 – 2027 Property Lease (Procurement) Framework Agreement and (b) the 2025 – 2027 General Service (Procurement) Framework Agreement
“Rizhao Port Group”	Shandong Port Rizhao Port Group Co., Ltd.* (山東港口日照港集團有限公司), a company incorporated in the PRC with limited liability and a controlling shareholder of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Proposed Annual Caps”	the proposed annual caps for the transactions contemplated under the Connected Transaction Agreements for the financial years ending 31 December 2025, 2026 and 2027
“Share(s)”	share (s) of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	the holder (s) of the Share (s)

“Shandong Port Group”

Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company incorporated in the PRC with limited liability and a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

* *Unofficial English translation denotes for identification purposes only*

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

Rizhao, PRC, 13 December 2024

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