
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

(Stock Code: 6117)

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A letter from the Board is set out on pages 1 to 16 of this circular.

A notice convening the EGM to be held at 10:00 a.m. on Monday, 31 January 2022 at the Office Building of Rizhao Port Jurong Co., Ltd. is set out on pages 49 to 50 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

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

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

15 January 2022

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DEFINITIONS

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

“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”	has the meaning ascribed to it under the Listing Rules
“Connected Transaction Agreements”	collectively, (a) the Property Lease (Procurement) Framework Agreement 2022 and (b) the General Service (Procurement) Framework Agreement 2022
“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”	an extraordinary general meeting or any adjournment thereof of the Company to be convened at 10:00 a.m. on Monday, 31 January 2022 at the Office Building of Rizhao Port Jurong Co., Ltd. to consider and, if thought fit, approve the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps
“Existing General Service (Procurement) Framework Agreement”	the general service (procurement) framework agreement dated 24 May 2019 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)
“Existing Property Lease (Procurement) Framework Agreement”	the property lease (procurement) framework agreement dated 24 May 2019 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)

DEFINITIONS

“General Service (Procurement) Framework Agreement 2022”	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)
“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 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 Proposed Annual Caps
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions and the 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 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
“Jurong Port”	Jurong Port Pte Ltd, a private company limited by shares established in Singapore, holding 100% interest in Jurong Port Holding as at the Latest Practicable Date
“Jurong Port Holding”	Jurong Port Rizhao Holding Pte Ltd, a private company limited by shares established in Singapore and holding approximately 21.69% of the total issued share capital of the Company as at the Latest Practicable Date

DEFINITIONS

“Latest Practicable Date”	13 January 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Non-Exempt Continuing Connected Transactions”	the continuing connected transactions contemplated under each of (a) the Property Lease (Procurement) Framework Agreement 2022 and (b) the General Service (Procurement) Framework Agreement 2022
“Notice of EGM”	a notice convening the EGM set out on pages 49 to 50 of this circular
“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
“Property Lease (Procurement) Framework Agreement 2022”	the property lease (procurement) framework agreement dated 26 November 2021 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)
“Proposed Annual Caps”	the proposed annual caps for the transactions contemplated under the Connected Transaction Agreements for the financial years ending 31 December 2022, 2023 and 2024
“Rizhao Port Group”	Shandong Port Rizhao Port Group Co., Ltd. (山東港口日照港集團有限公司) (previously known as Rizhao Port Group Co., Ltd. (日照港集團有限公司)), a company established in PRC with limited liability, and a controlling shareholder of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company incorporated in the PRC with limited liability, a controlling shareholder of the Company, and a state-owned enterprise ultimately controlled by Shandong SASAC

DEFINITIONS

“Shandong SASAC”	Shandong Provincial State-owned Assets Supervision and Administration Commission
“Share(s)”	Share(s) of RMB1.00 each in the share capital of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“%”	per cent

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

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

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

LETTER FROM THE BOARD



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

(Stock Code: 6117)

Non-executive Directors:

Mr. CUI Liang (*Chairman*)

Mr. OOI Boon Hoe

Mr. JIANG Zidan

Mr. PAY Cher Wee

Mr. CHEN Lei

Registered office:

South End

Haibin 5th Road

Rizhao City, Shandong Province

PRC

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre

248 Queen's Road East

Wanchai

Hong Kong

Executive Director:

Mr. ZHANG Feng

Independent Non-executive Directors:

Mr. ZHANG Zixue

Mr. WU Xibin

Mr. LEE Man Tai

15 January 2022

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated 26 November 2021 in relation to, among other things, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) details of the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps; (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps; (iii) the recommendation of the Independent Board Committee regarding the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps; (iv) general information of the Company; and (v) a notice for convening the EGM.

2. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Reference is made to the prospectus of the Company dated 31 May 2019 in relation to, among other things, the Existing Property Lease (Procurement) Framework Agreement and the Existing General Service (Procurement) Framework Agreement entered into between Rizhao Port Group and the Company, which will expire upon three years commencing from 19 June 2019, being the listing date of the Company.

In order to determine the annual caps of the continuing connected transactions with Rizhao Port Group for the three years ending 31 December 2024, after negotiations with Rizhao Port Group, on 26 November 2021, the Company entered into the Connected Transaction Agreements with Rizhao Port Group with a term commencing from 1 January 2022 and ending on 31 December 2024.

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

A. Property Lease (Procurement) Framework Agreement 2022

Date: 26 November 2021

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.

LETTER FROM THE BOARD

- Term: From 1 January 2022 (subject to the approval of the Property Lease (Procurement) Framework Agreement 2022 by the Independent Shareholders at the EGM) to 31 December 2024 (which will be automatically renewed for three years upon expiration (i) unless notified by the Company to the contrary in writing one month prior to the expiration; or (ii) 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 (i) land occupied by West-18 berth and the land behind it; (ii) warehouses; (iii) complex building; (iv) anticipated new lease of lands; and (v) 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 (i) area leased, geographic location and profile of the surrounding area; (ii) historical rent; and (iii) the rent charged by Independent Third Parties for similar offices nearby (applicable to the complex building only). In addition, 50% 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.

Termination of the Existing Property Lease (Procurement) Framework Agreement

The Existing Property Lease (Procurement) Framework Agreement will be terminated and replaced and superseded by the Property Lease (Procurement) Framework Agreement 2022 with effect from 1 January 2022 subject to the approval of the Independent Shareholders at the EGM. All transactions, agreements and other documents entered into by Rizhao Port Group and the Company pursuant to the Existing Property Lease (Procurement) Framework Agreement will be governed by the terms of the Property Lease (Procurement) Framework Agreement 2022.

LETTER FROM THE BOARD

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 2019		For the year ended 31 December 2020		For the year ending 31 December 2021	
	Annual caps <i>RMB'000</i>	Actual amount <i>RMB'000</i>	Annual caps <i>RMB'000</i>	Actual amount <i>RMB'000</i>	Annual caps <i>RMB'000</i>	Actual amount (up to November 2021) <i>RMB'000</i>
Property		(audited)		(audited)		(unaudited)
Land occupied by and behind the West-1, West-2, West-3, West-4, West-5, Woodchips-2 and Woodchips-3 berths and waters under such berths	18,226	16,682	18,226	16,720	18,226	15,327
Land occupied by storage and other port facilities	3,975	3,638	3,975	3,646	3,975	3,342
Land occupied by and behind the West-18 berth	31,000	24,088	34,100	22,170	35,100	21,741
Anticipated new lease of lands	64	0	2,378	0	4,628	2,085
Warehouses	3,720	1,193	3,938	1,193	3,938	3,422
Complex building	800	550	880	362	970	311
Temporarily leased berths	2,893	67	2,893	1,372	2,893	2,207
Total	60,678	46,218	66,390	45,463	69,730	48,275

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 Property Lease (Procurement) Framework Agreement 2022.

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 Property Lease (Procurement) Framework Agreement 2022.

LETTER FROM THE BOARD

The Proposed Annual Caps for the transactions contemplated under the Property Lease (Procurement) Framework Agreement 2022 are set out as follows:

Property	For the years ending 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Right-of-use assets</i>			
Land occupied by and behind West-18 berth	32,000	0	0
Warehouses	19,000	0	0
Complex building	980	0	0
 Total value of right-of-use assets relating to the leases to be entered into by the Company	51,980	0	0
 <i>Variable lease payments</i>			
Land occupied by and behind West-18 berth	22,880	22,880	22,880
Anticipated new lease of lands	4,628	4,628	4,628
Temporarily leased berths	2,893	2,893	2,893
 Total variable lease payments linked to revenue and short term lease payments payable by the Company	30,401	30,401	30,401
 Total Proposed Annual Caps	82,381	30,401	30,401

The Proposed Annual Caps for the transactions contemplated under the Property Lease (Procurement) Framework Agreement 2022 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 2024; 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 2024.

LETTER FROM THE BOARD

The Proposed Annual Caps for the transactions contemplated under the Property Lease (Procurement) Framework Agreement 2022 were determined with reference to (i) the existing lease contracts that 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.

Taking into account the factors above, the Company expects that the total amounts of rentals payable by the Company to Rizhao Port Group for leases governed by the terms of the Property Lease (Procurement) Framework Agreement 2022 for the three years ending 31 December 2024 would not exceed RMB69,730,000, RMB69,730,000 and RMB69,730,000, respectively.

Reasons for the transaction

The land and properties the Company leases from Rizhao Port Group pursuant to the Property Lease (Procurement) Framework Agreement 2022 are located close to the Company's operations in the 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 Property Lease (Procurement) Framework Agreement 2022 is higher than 5% on an annual basis, the entering into of the Property Lease (Procurement) Framework Agreement 2022 and the transactions contemplated thereunder is subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

B. General Service (Procurement) Framework Agreement 2022

- Date: 26 November 2021
- 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 2022 (subject to the approval of the Property Lease (Procurement) Framework Agreement 2022 by the Independent Shareholders at the EGM) to 31 December 2024 (which will be automatically renewed for three years upon expiration (i) unless notified by the Company to the contrary in writing one month prior to the expiration; or (ii) 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 pricing rules promulgated by Rizhao Port Group; (ii) historical fee rates and (iii) transportation distances.

LETTER FROM THE BOARD

- (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 and (ii) the cost of the relevant services.
- (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 market price of the utilities and consumables.

In respect of port-related services, information on the cost of the ship traction and container logistics services will be obtained by the Company from the relevant fee standard published by Rizhao Port Group from time to time which is available to the public. In respect of security services, the Company will obtain information on the actual cost of the security inspection services (i.e. the labour costs incurred in the provision of such services) from the relevant subsidiary of Rizhao Port Group which provides such services. In respect of port-related technology services, the Company will obtain information on the actual cost of the relevant services from the relevant subsidiary of Rizhao Port Group which provides such services. The Company will obtain evidence of the composition of the relevant unit costs of security services and port-related technology services (including but not limited to monthly

LETTER FROM THE BOARD

per capita cost and management expense list, technical maintenance service cost list, etc.) in order to ensure that such cost information is reliable and accurate. The Directors, to the best of their knowledge, information and belief having made all reasonable enquiries, are of the view that such information obtained in respect of port-related, security and port-related technology services is reliable and accurate.

Termination of the Existing General Service (Procurement) Framework Agreement

The Existing General Service (Procurement) Framework Agreement will be terminated and replaced and superseded by the General Service (Procurement) Framework Agreement 2022 with effect from 1 January 2022 subject to the approval of the Independent Shareholders at the EGM. All transactions, agreements and other documents entered into by Rizhao Port Group and the Company pursuant to the Existing General Service (Procurement) Framework Agreement will be governed by the terms of the General Service (Procurement) Framework Agreement 2022.

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 2019		For the year ended 31 December 2020		For the year ending 31 December 2021	
	Annual caps <i>RMB'000</i>	Actual amount <i>RMB'000</i> (audited)	Annual caps <i>RMB'000</i>	Actual amount <i>RMB'000</i> (audited)	Annual caps <i>RMB'000</i>	Actual amount (up to November 2021) <i>RMB'000</i> (unaudited)
Port-related services	75,740	23,288	82,895	21,562	85,317	58,799
Railway services	14,520	10,582	15,400	10,500	15,400	10,173
Security services	1,600	1,308	1,696	1,210	1,786	1,108
Maintenance services	16,265	1,287	16,547	3,344	18,451	2,234
Port-related technology services	1,554	153	1,860	164	2,238	615
Office and logistics services	4,335	3,475	4,374	3,824	4,634	2,744
Utilities and consumables	29,722	23,231	31,703	24,458	33,684	28,704
Total	143,737	63,324	154,475	65,062	161,510	104,378

LETTER FROM THE BOARD

Proposed Annual Caps

The Proposed Annual Caps for the transactions contemplated under the General Service (Procurement) Framework Agreement 2022 are set out as follows:

	For the years ending 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Port-related services	85,317	85,317	85,317
Railway services	15,400	15,400	15,400
Security services	1,786	1,786	1,786
Maintenance services	18,451	18,451	18,451
Port-related technology services	2,238	2,238	2,238
Office and logistics services	4,634	4,634	4,634
Utilities and consumables	33,684	33,684	33,684
Total	161,510	161,510	161,510

The Proposed Annual Caps for the transactions contemplated under the General Service (Procurement) Framework Agreement 2022 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) with regard to the procurement of maintenance services and port-related technology services, 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.

LETTER FROM THE BOARD

- (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, Rizhao Port Group 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 may win the bids through public bidding process.
- (g) For utilities and consumables, Rizhao Port Group is the only provider of water, electricity and fuels in the Port of Rizhao.

In respect of (i) ship traction and container logistics services, (ii) railway services, (iii) security services, (iv) telephone, networks and protective gears supplies services and (v) utilities and consumables where Rizhao Port Group is the only provider of such services in the Port of Rizhao, the Company will collect information on government prescribed price (if any) and transaction information of similar transactions between Rizhao Port Group and other subsidiaries of Rizhao Port Group. The Company will obtain the settlement invoices of such transactions between Rizhao Port Group and other subsidiaries of Rizhao Port Group to ensure such transaction information is reliable and accurate. Further, the Company will (i) compare, assess and negotiate the prices before entering into any individual agreement in relation to such services under the General Service (Procurement) Framework Agreement 2022 and (ii) follow the internal control measures as set out in the paragraph headed "3. Internal Control Measures" in this circular to ensure that the pricing of such transactions is fair and reasonable.

LETTER FROM THE BOARD

Listing Rules implications

As the highest of all applicable percentage ratios in respect of the Proposed Annual Caps under the General Service (Procurement) Framework Agreement 2022 is higher than 5% on an annual basis, the entering into of the General Service (Procurement) Framework Agreement 2022 and the transactions contemplated thereunder is subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. 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 marketing center and securities affairs office) will collect transaction information of previous similar transactions (with Independent Third Parties) (if applicable), the transaction information of similar transactions between Rizhao Port Group and other subsidiaries of Rizhao Port Group, (if any) government prescribed price 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 fair and reasonable and 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;

LETTER FROM THE BOARD

- (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 are not 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 quarterly basis.

4. 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 SASAC.

LETTER FROM THE BOARD

5. 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 circular 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 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.

6. 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 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.

7. EGM

The EGM will be held at 10:00 a.m. on Monday, 31 January 2022 at the Office Building of Rizhao Port Jurong Co., Ltd. for the purpose of allowing Shareholders to consider and, if thought fit, approve the resolutions as set out in the Notice of EGM on pages 49 to 50 of this circular.

LETTER FROM THE BOARD

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

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

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

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

8. RECORD DATE FOR THE EGM

The record date for determining the entitlement of members of the Company to attend and vote at the EGM is fixed at the close of business on Friday, 28 January 2022. In order to qualify for the entitlement to attend and vote at the EGM, all documents for the transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 28 January 2022.

LETTER FROM THE BOARD

9. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions put forward at the EGM will be voted on by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll results will be announced by the Company in accordance with Rule 13.39(5) of the Listing Rules after the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he 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.

10. 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 Non-Exempt Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) the Proposed Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors) recommends the Independent Shareholders to vote in favour of the resolutions for approving the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps.

11. FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 17 to 18 of this circular, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 19 to 45 of this circular, the additional information as set out in the appendix to this circular and the notice of the EGM.

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



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)

15 January 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 15 January 2022 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Non-Exempt Continuing Connected Transactions (together with the Proposed Annual Caps) as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps as set out in the Circular. Gram 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 19 to 45 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 Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps. Your attention is also drawn to the additional information set out in the appendix to the Circular.

Having considered the terms of the Non-Exempt Continuing Connected Transactions (together with the Proposed Annual Caps), 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 Non-Exempt Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) the Proposed Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions at the EGM so as to approve the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps.

Your faithfully,

The Independent Board Committee of

Rizhao Port Jurong Co., Ltd.

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

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

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

15 January 2022

*To: The independent board committee and the independent shareholders
of Rizhao Port Jurong Co., Ltd.*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) transactions contemplated under the Property Lease (Procurement) Framework Agreement 2022 (the “**Leases Transactions**”); and (ii) General Service (Procurement) Framework Agreement 2022 (the “**Services Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 15 January 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 26 November 2021, the Company entered into the Connected Transaction Agreements with Rizhao Port Group with a term commencing from 1 January 2022 and ending on 31 December 2024 to determine the annual caps of the continuing connected transactions with Rizhao Port Group for the three years ending 31 December 2024.

With reference to the Board Letter, the Leases Transactions and Services Transactions constitute continuing connected transactions of the Company and are subject to the reporting, annual review, announcement and independent shareholders’ approval requirements for continuing connected transactions under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Non-Exempt Continuing Connected Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Non-Exempt Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Company; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Non-Exempt Continuing Connected Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to continuing connected transactions (details of which are set out in the Company's circular dated 23 April 2021). Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Hong Kong Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagement was only independent financial adviser engagement and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Non-Exempt Continuing Connected Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The 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 as contained in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Rizhao Port Group, and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Company or the Shareholders as a result of the Non-Exempt Continuing Connected Transactions. 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 our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Non-Exempt Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

1. BACKGROUND

Information on the Company

With reference to the Board Letter, 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.

Information on the Rizhao Port Group

With reference to the Board Letter, Rizhao Port Group, a company incorporated in the PRC with limited liability and a controlling shareholder of the Company, 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 SASAC.

A. LEASES TRANSACTIONS

Reasons for and benefits of the Leases Transactions

With reference to the Board Letter, the land and properties the Company leases from Rizhao Port Group pursuant to the Property Lease (Procurement) Framework Agreement 2022 are located close to the Company's operations in the 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.

In addition, we understood from the Directors, should the Company decide to relocate from the land and properties the Company leases from Rizhao Port Group, additional cost (such as relocation cost and decoration cost) will be incurred.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above factors, we consider that the Leases Transactions are conducted 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.

Principal terms of the Leases Transactions

Summarised below are the major terms of the Leases Transactions, details of which are set out under the section headed “Property Lease (Procurement) Framework Agreement 2022” of the Board Letter:

Date

26 November 2021

Parties

- (i) the Company; and
- (ii) Rizhao Port Group (for itself and on behalf of its subsidiaries)

Term

From 1 January 2022 (subject to the approval of the Property Lease (Procurement) Framework Agreement 2022 by the Independent Shareholders at the EGM) to 31 December 2024 (which will be automatically renewed for three years upon expiration (i) unless notified by the Company to the contrary in writing one month prior to the expiration; or (ii) 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 by West-18 berth and the land behind it; (b) warehouses; (c) complex building; (d) anticipated new lease of lands; and (e) 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 (i) area leased, geographic location and profile of the surrounding area; (ii) historical rent; and (iii) the rent charged by Independent Third Parties for similar offices nearby (applicable to the complex building only). In addition, 50% 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 West-18 berth and the land behind it.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the Board Letter, the Company has established the certain 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. Having considered that (i) there will be information collection procedures and review and assessment procedures before entering into any individual agreement under the Connected Transaction Agreements; and (ii) the Company's adoption of procedures to govern the utilisation of proposed annual caps, pursuant to which there will be internal reporting procedure if the utilisation rate of proposed annual caps exceed 85%, we consider that the internal control measures are sufficient to ensure fair pricing of the transactions contemplated under the Leases Transactions according to the pricing policies and the proposed annual cap will not be exceeded.

For our due diligence purpose, we obtained opinion on the fairness of rent issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”), an independent property valuer, in 2019 (the “**2019 Fairness Rent Opinion**”), being the latest available fairness of rent opinion as confirmed by the Directors. According to the 2019 Fairness Rent Opinion, JLL were of the opinion that the rentals under the several tenancy agreements are fair and reasonable as at the current execution period in 2019 and represent the prevailing market rates for similar properties situated in the locality that are used for similar purposes in the PRC at relevant dates of leases.

Upon our request, we obtained the existing individual property lease agreements in respect of (i) West-18 berth and land occupied by and behind West-18 berth entered into in 2020 (“**2020 Berth Lease Agreement**”); (ii) warehouses entered into in 2015 (supplemented by supplemental agreements in 2018 and 2019)(the “**Warehouses Lease Agreement**”); and (iii) complex building entered into in 2019 (the “**2019 Office Lease Agreement**”). As the 2020 Berth Lease Agreement and 2019 Office Lease Agreement were entered into after the effective of existing property lease (procurement) framework agreement dated 24 May 2019, we compared the rental fee of the aforesaid two individual agreements with the fair rental fees of such properties as opined in the 2019 Fairness Rent Opinion. The rental fee of the 2020 Berth Lease Agreement and unit rental fee of the 2019 Office Lease Agreement is in line with the fair rental fees of such properties. It indicated that the Company conducted information collection procedures and review and assessment procedures before entering into the 2020 Berth Lease Agreement and 2019 Office Lease Agreement.

Furthermore, we discussed with staffs of marketing center, and securities affairs office of the Company (being the departments which will be involved in the internal control procedures) and understood that the staffs of the aforesaid departments (i) were aware of the internal control measures; and (ii) would continuously comply with such measures when conducting the transactions contemplated under the Property Lease (Procurement) Framework Agreement 2022.

Having considered our findings above, we do not doubt the effectiveness of implementation of the internal control measures.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Proposed annual caps

Set out below are (i) historical transaction amounts of the Leases Transactions for each of the two years ended 31 December 2020 and the 11 months ended 30 November 2021; and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019 ("FY2019") <i>Approximate RMB'000</i>	For the year ended 31 December 2020 ("FY2020") <i>Approximate RMB'000</i>	For the year ended 31 December 2021 ("FY2021") <i>Approximate RMB'000</i>
Historical transaction amounts	46,218	45,463	48,275 (<i>Note</i>)
	For the year ending 31 December 2022 ("FY2022") <i>Approximate RMB'000</i>	For the year ending 31 December 2023 ("FY2023") <i>Approximate RMB'000</i>	For the year ending 31 December 2024 ("FY2024") <i>Approximate RMB'000</i>
Proposed annual caps			
Right-of-use assets			
Land occupied by and behind West- 18 berth	32,000	0	0
Warehouses	19,000	0	0
Complex building	980	0	0
Total value of right-of-use assets relating to the leases to be entered into by the Company	51,980	0	0
Variable lease payments			
Land occupied by and behind West- 18 berth	22,880	22,880	22,880
Anticipated new lease of lands	4,628	4,628	4,628
Temporarily leased berths	2,893	2,893	2,893
Total variable lease payments linked to revenue and short term lease payments payable by the Company	30,401	30,401	30,401
Total Proposed Annual Caps	82,381	30,401	30,401

Note: the figure was for the 11 months ended 30 November 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The bases for determining of the above proposed annual caps were set out under the sub-section headed “Proposed Annual Caps” under the section headed “Property Lease (Procurement) Framework Agreement 2022” of the Board Letter.

Right-of-use assets

With reference to the Board Letter, pursuant to IFRS 16 – Leases, the lease of properties by the Company as lessee will be recognised as right-of-use assets.

We summarised below the key terms of the 2020 Berth Lease Agreement, the Warehouses Lease Agreement and 2019 Office Lease Agreement contracts:

Property	Agreement date	Term	Rental fee
West-18 berth and land occupied by and behind West-18 berth	December 2020	1 January 2021 to 31 December 2021	Fixed fee: RMB12.22 million per annum Variable fee: 50% of profits generated from the West-18 berth
Warehouses	December 2015 (as supplemented by the supplemental agreements in 2018 and 2019)	1 January 2016 to 31 December 2022	Approximately RMB3.965 million per annum
Complex building	August 2019	1 August 2019 to 31 July 2022	RMB393,750 per annum

Upon our request, the Directors further provided us the calculation of rights-of-use assets for the above mentioned properties for the proposed annual cap for FY2022. We noted following factors:

- (i) the estimated rental fee is in line with the existing rental fee (tax exclusive) as shown in the existing signed individual contracts;
- (ii) the estimated duration of the lease of properties (i.e. (a) west-18 berth and land occupied by and behind West-18 berth; (b) warehouses; and (c) complex building) to be three to six years; and
- (iii) the expected individual agreement dates of the leases of (a) land occupied by and behind West-18 berth; (b) warehouse; and (c) complex building are in 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To assess the fairness and reasonableness of the estimated rental fees, we discussed with the Directors and understood that the Directors assumed the rental fee contained under the new lease agreements to be at same levels those of the existing lease agreements.

For our due diligence purpose, we reviewed following documents:

- (i) 2020 Berth Lease Agreement and previous berth lease agreement for same properties entered into by the Company in 2016 (the “**2016 Berth Lease Agreement**”). We noted that the same fixed rental fee and variable rental fee were applied under both the 2020 Berth Lease Agreement and the 2016 Berth Lease Agreement;
- (ii) the 2019 Office Lease Agreement and 2018 office lease agreement for the same office location but different size entered into by the Company in 2018 (the “**2018 Office Lease Agreement**”). We noted that unit rental fee (RMB per square meter) under the 2018 Office Lease Agreement is the same as that the under the 2019 Office Lease Agreement.

In addition, we also understood from the Directors that there was no individual contract in respect of the lease of warehouse entered before the entering into of the Warehouses Lease Agreement.

Having considered the following factors, including:

- (i) unit rental fee/rental fee as shown in the 2020 Berth Lease Agreement and 2019 Office Lease Agreement are the same as those under their previous agreements (i.e. 2016 Berth Lease Agreement and 2018 Office Lease Agreement);
- (ii) As the finalised rental fee will be subject to the negotiation between the Company and Rizhao Port Group; and the pricing policy of the Leases Transactions, the finalised rental fees may or may not be the same as the existing rental fees. Therefore, it is not necessary for the Company to conduct rental fee information collection procedures and review and assessment procedures for the purpose of calculating the proposed annual caps for the three years ending 31 December 2024.

Based on the Company’s understanding, Rizhao Port Group had the intention to increase rental fees (not yet decided) and the Company is currently negotiating with Rizhao Port Group for not to increase the rental fees. Therefore, the maximum rental fees may be the existing rental fees should the Rizhao Port Group agrees not to increase rental fees. The proposed annual caps for the three years ending 31 December 2024 will be sufficient to cover the finalised rental fee (after being recognised as right-of-use asset) should the finalised rental fees be the same or lower than the existing rental fees.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The proposed annual caps for the three years ending 31 December 2024 may not be sufficient to cover the finalised rental fees (after being recognised as right-of-use asset) should the finalised rental fees be higher than the existing rental fees. Under such circumstances, the Company shall (i) re-negotiate with Rizhao Port Group in respect of terms of individual agreements under the Leases Transactions; or (ii) re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the proposed annual caps for the three years ending 31 December 2024.

We are of the view that the estimated rental fees, being the same levels to those of the existing lease agreements and for the purpose of calculating proposed annual caps for the three years ending 31 December 2024, to be justifiable.

We further enquired into the Directors regarding the assumptions for the converting of the estimated rental fee into the estimated value of right-of-use asset for (i) west-18 berth and land occupied by and behind West-18 berth; (ii) warehouses; and (iii) complex building. The proposed annual caps for each of aforesaid properties for the year ending 31 December 2022 was in line with the estimated value of right-of-use asset for the aforesaid properties. Accordingly, we consider the proposed annual caps (right-of-use assets) for the year ending 31 December 2022 to be fair and reasonable.

As advised by the Directors, they expected the new individual contracts of the properties (i.e. (a) west-18 berth and land occupied by and behind West-18 berth; (b) warehouses; and (c) complex building) will be effective during the two years ending 31 December 2024, with lease duration of three to six years. Therefore, we concur with the Directors that the proposed annual caps (right-of-use assets) of nil for the two years ending 31 December 2024 are reasonable.

Variable lease payments

With reference to the Board Letter, 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 Property Lease (Procurement) Framework Agreement 2022.

The proposed annual caps in respect of the land occupied by and behind West-18 berth for the three years ending 31 December 2024: as mentioned above, the Company is required to pay 50% of profits generated from the West-18 berth pursuant to the 2020 Berth Lease Agreement. Upon our enquiry, the Directors advised us profits generated from the West-18 berth for 11 months ended 30 November 2021. Having considered that the proposed annual cap for FY2022 is close to 50% of profits generated from the West-18 berth for FY2021 (based on annualized historical amounts for 11 months ended 31 November 2021), we are of the view that the proposed annual cap for FY2022 to be fair and reasonable. As also advised by the Directors, they assumed the estimated amounts

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for FY2023 and FY2024 will remain stable as compared to that for FY2022. As the estimated amounts for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors assumption as aforementioned, we are of the view that the estimated amounts for FY2023 and FY2024 are justifiable. Accordingly, we consider the proposed annual caps (i.e. the estimated amounts) in respect of the land occupied by and behind West-18 berth for FY2023 and FY2024 to be justifiable.

The proposed annual caps in respect of the anticipated new lease of lands for the three years ending 31 December 2024: we understood that the estimated amounts were mainly determined with reference to the existing arrangements for the lease of containers storage yard. Upon our request, we obtained the lease contract for aforesaid arrangement and noted that (i) the existing arrangements will expire on 31 December 2021; and (ii) the contract value of the existing arrangements amounted to approximately RMB4.54 million. As (i) the Directors expected to enter into the same arrangements annually during each of the three years ending 31 December 2024; and (ii) the estimated amounts (i.e. RMB4.628 million) is close to the contract value of the existing arrangements with difference of less than 5%, we consider the proposed annual caps in respect of the anticipated new lease of lands for the three years ending 31 December 2024 to be fair and reasonable.

The proposed annual caps in respect of the temporarily leased berths for the three years ending 31 December 2024: we understood that the estimated amounts were mainly determined with reference to the historical amounts for 2021. Based on the actual amounts for 11 months ended 30 November 2021, the annualized amounts would be approximately RMB2.21 million. The estimated amounts for FY2022 represented an increase of approximately 31% as compared to the aforesaid annualized amounts. Having considered that the aforesaid annualized amounts represented an increase of approximately 61% as compared to the historical amounts for FY2020, we are of the view that the increase of approximately 31% to be justifiable. Accordingly, we consider the proposed annual cap (i.e. the estimated amounts) in respect of the temporarily leased berths for FY2022 to be justifiable. As also advised by the Directors, they assumed the estimated amounts for FY2023 and FY2024 will remain stable as compared to that for FY2022. As the estimated amounts for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors assumption as aforementioned, we are of the view that the estimated amounts for FY2023 and FY2024 are justifiable. Accordingly, we consider the proposed annual caps (i.e. the estimated amounts) in respect of the temporarily leased berths for FY2023 and FY2024 to be justifiable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2024, and they do not represent forecasts of cost to be incurred from the Leases Transactions. Consequently, we express no opinion as to how closely the actual cost to be incurred from the Leases Transactions will correspond with the proposed annual caps.

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B. THE SERVICES TRANSACTIONS

Reasons for and benefit of the Services Transactions

With reference to the Board Letter, the Company will continue to procure such services from Rizhao Port Group because these transactions were conducted between subsidiaries of Rizhao Port Group (including the Company) and have lasted for a long period of time and 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, Rizhao Port Group 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 may win the bids through public bidding process.
- (g) For utilities and consumables, Rizhao Port Group is the only provider of water, electricity and fuels in the Port of Rizhao.

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As further advised by the Directors, the Services Transactions are conducted in the ordinary course of business of the Company, and is conducted on a continuous and frequent basis. Accordingly, the Directors are of the view that the Services Transactions will be beneficial to the Company and the Shareholders as a whole.

In view of the above factors, we concur with the Directors that the Services Transactions are conducted 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.

Principal terms of the Services Transactions

Summarised below are the major terms of the Services Transactions, details of which are set out under the section headed “General Service (Procurement) Framework Agreement 2022” of the Board Letter:

Date

26 November 2021

Parties

- (i) the Company; and
- (ii) 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 2022 (subject to the approval of General Service (Procurement) Framework Agreement 2022 by the Independent Shareholders at the EGM) to 31 December 2024 (which will be automatically renewed for three years upon expiration (i) unless notified by the Company to the contrary in writing one month prior to the expiration; or (ii) 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.

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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 pricing rules promulgated by Rizhao Port Group; (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; and (ii) the cost of the relevant services.
- (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 market price of the utilities and consumables.

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With reference to the Board Letter, in respect of port-related services, information on the cost of the ship traction and container logistics services will be obtained by the Company from the relevant fee standard published by Rizhao Port Group from time to time which is available to the public. In respect of security services, the Company will obtain information on the actual cost of the security inspection services (i.e. the labour costs incurred in the provision of such services) from the relevant subsidiary of Rizhao Port Group which provides such services. In respect of port-related technology services, the Company will obtain information on the actual cost of the relevant services from the relevant subsidiary of Rizhao Port Group which provides such services.

Having considered that the bases for determination of services fees for above services will be made with reference to, historical fee rates or the fee rates charged for similar services by Independent Third Parties, we are of the view that the fee rates to be fair and reasonable.

With reference to the Board Letter, the Company has established the certain 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. Having considered that (i) there will be information collection procedures and review and assessment procedures before entering into any individual agreement under the Connected Transaction Agreements; and (ii) the Company's adoption of procedures to govern the utilisation of proposed annual caps, pursuant to which there will be internal reporting procedure if the utilisation rate of proposed annual caps exceed 85%, we consider that the internal control measures are sufficient to ensure fair pricing of the transactions contemplated under the Services Transactions according to the pricing policies and the proposed annual cap will not be exceeded.

Upon our request, the Company provided us the following documents: (i) four copies of invoices showing members of Rizhao Port Group's provision of Services Transactions to (a) the Company; and (b) other members of Rizhao Port Group together with statistical tables (with services receivers' company chops and showing the unit price of services under the Services Transactions in 2021); and (ii) one copy of individual contract in respect of a member of Rizhao Port Group's provision of services under the Services Transactions in 2021 together with fee quotations provided by another member of Rizhao Port Group and two independent third parties. According to the aforesaid documents, we noticed that (i) unit fees charged by members of Rizhao Port Group to the Company were the same as those charged to other members of Rizhao Port Group; and (ii) for the same project, service fees charged by the member of Rizhao Port Group (who was the counterparty of the signed individual contract) was lower than those offered by other member of Rizhao Port Group (who was not selected as services provider) and the two independent third parties. For our due diligence purpose, we discussed with staffs of marketing center, and securities affairs office of the Company (being the departments which will be involved in the internal control procedures) and understood

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that the staffs of the aforesaid departments (i) were aware of the internal control measures and (ii) would continuously comply with such measures when conducting the transactions contemplated under the General Service (Procurement) Framework Agreement 2022.

Having considered our findings above, we do not doubt the effectiveness of implementation of the internal control measures.

The proposed annual caps

The proposed annual caps of the Services Transactions for the three years ending 31 December 2024 were determined with reference to various factors, details of which are set out under the subsection headed “Proposed Annual Caps” under the section headed “General Service (Procurement) Framework Agreement 2022” of the Board Letter.

Port-related services

Set out below are (i) historical transaction amounts of the port-related services under the Services Transactions for each of the two years ended 31 December 2020 and 11 months ended 30 November 2021; and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Historical transaction amounts	23,288	21,562	58,799 (Note)
Existing annual caps	75,740	82,895	85,317
Utilisation rates	31%	26%	N/A
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Proposed annual caps	85,317	85,317	85,317

Note: the figure was for the 11 months ended 30 November 2021.

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According to the table above, the historical transaction amounts for FY2019 and FY2020 remained stable and the utilization rates of the existing annual caps were at low levels.

After our discussion with the Directors, we understood that the proposed annual cap for FY2022 were determined with reference to the following factors:

- (i) two types of services were mainly considered in the port-related services, comprising (a) outsourcing businesses which require specific equipment; and (b) labor contracting services.
- (ii) The Directors estimated fees for outsourcing businesses for the year ending 31 December 2022 mainly with reference to the historical fees for outsourcing businesses for October 2021. The Directors advised us that as the Company's pandemic control measures became stricter over the recent months, it is more appropriate to make reference to a latest monthly figure which may reflect the cost increase in outsourcing business. As the General Service (Procurement) Framework Agreement 2022 was entered into in November 2021, figure for October 2021 was the latest available information to the Company.

Based on the historical fees for outsourcing business for October 2021, the estimated fees for outsourcing business for FY2022 is close to the annualized amounts of the aforesaid figures for October 2021. Accordingly, we consider the estimated fees for outsourcing business for FY2022 to be justifiable.

- (iii) The Directors estimated fees for labor contracting services for FY2022 based on estimated number of labors to be provided by members of Rizhao Port Group and estimated annual labor cost.

We noted that the estimated fees were calculated by estimated number of labors times estimated annual labor cost.

Based on the above factors, we are of the view that the proposed annual cap for FY2022 to be fair and reasonable.

As also advised by the Directors, they assumed the estimated amounts for FY2023 and FY2024 will remain stable as compared to that for FY2022. As the estimated amounts for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors assumption as aforementioned, we are of the view that the estimated amounts for FY2023 and FY2024 are justifiable. Accordingly, we consider the proposed annual caps (i.e. the estimated amounts) in respect of the port related services for FY2023 and FY2024 to be fair and reasonable.

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Railway services

Set out below are (i) historical transaction amounts of the railway services under the Services Transactions for each of the two years ended 31 December 2020 and 11 months ended 30 November 2021; and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Historical transaction amounts	10,582	10,500	10,173 (<i>Note</i>)
Existing annual caps	14,520	15,400	15,400
Utilisation rates	73%	68%	N/A
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Proposed annual caps	15,400	15,400	15,400

Note: the figure was for the 11 months ended 30 November 2021.

According to the table above, the historical transaction amounts for FY2019 and FY2020 remained stable.

As advised by the Directors, the proposed annual cap for FY2022 was determined with reference to estimated monthly demand of railway services for FY2022 (based on the three largest monthly demands in second half of 2021) and 12 months per annum.

Upon our request, the Directors advised us the three largest monthly demands in second half of 2021 with an average of approximately RMB1.23 million. Accordingly, the estimated demand of railway services for FY2022 were approximately RMB14.8 million. As the proposed annual cap for FY2022 is close to the aforesaid estimated amount with difference of less than 5%, we consider the proposed annual cap for FY2022 to be fair and reasonable.

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As also advised by the Directors, they assumed the estimated amounts for FY2023 and FY2024 will remain stable as compared to that for FY2022. As the estimated amounts for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors assumption as aforementioned, we are of the view that the estimated amounts for FY2023 and FY2024 are justifiable. Accordingly, we consider the proposed annual caps (i.e. the estimated amounts) in respect of the railway services for FY2023 and FY2024 to be fair and reasonable.

Security services

Set out below are (i) historical transaction amounts of the securities services under the Services Transactions for each of the two years ended 31 December 2020 and 11 months ended 30 November 2021; and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Historical transaction amounts	1,308	1,210	1,108 (<i>Note</i>)
Existing annual caps	1,600	1,696	1,786
Utilisation rates	82%	71%	N/A
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Proposed annual caps	1,786	1,786	1,786

Note: the figure was for the 11 months ended 30 November 2021.

According to the table above, the historical transaction amounts for FY2019, FY2020 and FY2021 (based on annualization of historical amounts for the 11 months ended 30 November 2021) remained stable.

As advised by the Directors, the proposed annual cap for FY2022 was determined with reference to (i) the historical/estimated amounts of security services for FY2020 and FY2021; and (ii) cost of estimated newly added security staff from 2022.

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As confirmed by the Directors, there will not be any reduction of number of security staff for the period from 2022 to 2024. Accordingly, we consider the historical/estimated amounts of security services for FY2020 and FY2021 (which remain stable) as part of the estimation for FY2022 to be justifiable.

As further advised by the Directors, the Company will increase number of security staff to further improve security. Upon our request, the Directors provided us the anticipated number of newly added security staff and estimated cost of each newly-added security staff. In addition, the Directors also advised us the existing cost of each security staff. We noted that the estimated cost of each newly-added security staff is the same as the cost of each existing security staff. Accordingly, we consider the estimated cost of newly-added security staff to be justifiable.

As the proposed annual cap for FY2022 is close to the summation of (i) historical/estimated amounts of security services for FY2020/FY2021 (which indicated cost of security services based on existing security staff); and (ii) the estimated cost of newly-added security staff, we consider the proposed annual cap for FY2022 to be fair and reasonable.

As also advised by the Directors, they assumed the estimated amounts for FY2023 and FY2024 will remain stable as compared to that for FY2022. As the estimated amounts for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors assumption as aforementioned, we are of the view that the estimated amounts for FY2023 and FY2024 are justifiable. Accordingly, we consider the proposed annual caps (i.e. the estimated amounts) in respect of the security services for FY2023 and FY2024 to be fair and reasonable.

Maintenance services

Set out below are (i) historical transaction amounts of the maintenance services under the Services Transactions for each of the two years ended 31 December 2020 and 11 months ended 30 November 2021; and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Historical transaction amounts	1,287	3,344	2,234 (<i>Note</i>)
Existing annual caps	16,265	16,547	18,451
Utilisation rates	8%	20%	N/A

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	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Proposed annual caps	18,451	18,451	18,451

Note: the figure was for the 11 months ended 30 November 2021.

According to the table above, the utilization rates of existing annual caps for FY2019, FY2020 and FY2021 (based on annualization of historical amounts for the 11 months ended 30 November 2021) were at low levels. However, the Directors set the proposed annual caps for the three years ending 31 December 2024 at the same level as the existing annual cap for FY2021.

Upon our request, we obtained a list showing the breakdowns for the estimated amounts of maintenance services for FY2022, which was close to the proposed annual cap for FY2022.

According to the list, we noted that the Directors estimated the amounts of maintenance services for FY2021 based on the historical transactions amounts for the 11 months ended 30 November 2021 and the estimated transactions for December 2021. Then, the Directors estimated that there would be an increase of approximately RMB12.5 million in maintenance services for FY2022 as compared to that for FY2021. We noted that the reason for the above increase was mainly due to (i) the estimated materials costs for the repairment of warehouse of approximately RMB6 million (FY2021: Nil); (ii) the estimated cost for the maintenance of quayside machinery (e.g. ship unloaders and port cranes) and conveying equipment (e.g. belt conveyors, scraper conveyors and bucket elevators) of approximately RMB4.2 million (FY2021: approximately RMB0.9 million (estimated)).

In respect of estimated materials costs for the repairment of warehouse for FY2022, the Directors further advised us the current status of warehouses which may require repairment. In addition, we understood from the Directors that the estimation of cost for the maintenance of quayside machinery and conveying equipment for FY2022 was mainly the cost for the maintenance of quayside machinery and conveying equipment provided by independent third parties for FY2021. According to the historical amounts for 11 months ended 30 November 2021, such cost (mainly for quayside machinery and conveying equipment) amounted to approximately RMB4.0 million. As the estimated cost for the maintenance of quayside machinery and conveying equipment for FY2022 is close to that for the 11 months ended 30 November 2021, we also consider such estimated cost to be justifiable. Accordingly, we consider the increase in estimated amounts of maintenance services for FY2022 to be justifiable.

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Based on the above factors, we are of the view that the proposed annual cap for FY2022 to be fair and reasonable.

As also advised by the Directors, they assumed the estimated amounts for FY2023 and FY2024 will remain stable as compared to that for FY2022. As the estimated amounts for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors' assumption as aforementioned, we are of the view that the estimated amounts for FY2023 and FY2024 are justifiable. Accordingly, we consider the proposed annual caps (i.e. the estimated amounts) in respect of the maintenance services for FY2023 and FY2024 to be fair and reasonable.

Port-related technology services

Set out below are (i) historical transaction amounts of the port-related technology services under the Services Transactions for each of the two years ended 31 December 2020 and 11 months ended 30 November 2021; and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Historical transaction amounts	153	164	615 (Note)
Existing annual caps	1,554	1,860	2,238
Utilisation rates	10%	9%	N/A
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Proposed annual caps	2,238	2,238	2,238

Note: the figure was for the 11 months ended 30 November 2021.

According to the table above, the utilization rates of existing annual caps for FY2019, FY2020 and FY2021 (based on annualization of historical amounts for 11 months ended 30 November 2021) were at low levels. However, the Directors set the proposed annual caps for the three years ending 31 December 2024 the same as the existing annual cap for FY2021.

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Upon our request, we understood from the Directors that the assumed that additional transactions of port-related technical services to be provided by members of Rizhao Port Group will be recorded for FY2022 after taking into account of the transaction amounts of port-related technical services provided by independent third parties for FY2021.

Upon our further request, the Directors provided us the transaction amounts of port-related technical services provided by independent third parties for FY2021. We noted that the proposed annual cap (i.e. the estimated amounts) for FY2022 did not exceed the summation of (i) the transaction amounts of port-related technical services provided by independent third parties for FY2021; and (ii) the annualized amounts for FY2021 (based on annualization of historical amounts for 11 months ended 30 November 2021). Accordingly, we consider the proposed annual cap for FY2022 to be fair and reasonable.

As also advised by the Directors, they assumed the estimated amounts for FY2023 and FY2024 will remain stable as compared to that for FY2022. As the estimated amounts for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors' assumption as aforementioned, we are of the view that the estimated amounts for FY2023 and FY2024 are justifiable. Accordingly, we consider the proposed annual caps (i.e. the estimated amounts) in respect of the port-related technology services for FY2023 and FY2024 to be fair and reasonable.

Office and logistics services

Set out below are (i) historical transaction amounts of the office and logistics services under the Services Transactions for each of the two years ended 31 December 2020 and 11 months ended 30 November 2021; and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Historical transaction amounts	3,475	3,824	2,744 (Note)
Existing annual caps	4,335	4,374	4,634
Utilisation rates	80%	87%	N/A

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	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Proposed annual caps	4,634	4,634	4,634

Note: the figure was for the 11 months ended 30 November 2021.

According to the table above, the utilization rates of existing annual caps for FY2019 and FY2020 were at high levels. The Directors set the proposed annual caps for the three years ending 31 December 2024 at the same level as the existing annual cap for FY2021.

Upon our request, we understood from the Directors that the Directors mainly made reference to the historical transaction amounts for FY2019 and FY2020 for the purpose of determining proposed annual caps, which the Directors considered more appropriate as the Company did not hold any conferences (which may incur the Company's cost for office and logistics services) from 1 January 2021 to the date of the General Service (Procurement) Framework Agreement 2022 as compared to several conferences held by the Company in FY2019 and FY2020.

The estimated amounts of office and logistics services (i.e. the proposed annual cap) for FY2022 represented a compounded annual growth rate of approximately 10% as compared to the historical amount for FY2020. Having considered that (i) the Directors' assumption that the Company will hold conferences in FY2022; and (ii) the historical amounts for FY2020 represented an increase of approximately 10% as compared to that for FY2019, we are of the view that the implied compounded annual growth rate of approximately 10% to be justifiable. Accordingly, we consider the proposed annual cap for FY2022 to be fair and reasonable.

As also advised by the Directors, they assumed that the estimated amounts for FY2023 and FY2024 will remain stable as compared to that for FY2022. As the estimated amounts for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors' assumption as aforementioned, we are of the view that the estimated amounts for FY2023 and FY2024 are justifiable. Accordingly, we consider the proposed annual caps (i.e. the estimated amounts) in respect of the office and logistics services for FY2023 and FY2024 to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Utilities and consumables

Set out below are (i) historical transaction amounts of the utilities and consumables under the Services Transactions for each of the two years ended 31 December 2020 and 11 months ended 30 November 2021; and (ii) the proposed annual caps for the three years ending 31 December 2024:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Historical transaction amounts	23,231	24,458	28,704 (Note)
Existing annual caps	29,722	31,703	33,684
Utilisation rates	78%	77%	N/A
	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>	<i>Approximate RMB'000</i>
Proposed annual caps	33,684	33,684	33,684

Note: the figure was for the 11 months ended 30 November 2021.

According to the table above, the estimated amounts for FY2021 of approximately RMB31.3 million (based on annualization of historical amounts for 11 months ended 30 November 2021) represented approximately 93% to the existing annual cap for FY2021.

We noted that the proposed annual cap for FY2022 represented an increase of approximately 7.6% as compared to the estimated demand of utilities and consumables for FY2021 (based on annualization of historical amounts for the 11 months ended 30 November 2021).

Having considered that the historical amounts for FY2020 represented an increase of approximately 5% as compared to that for FY2019; and the estimated amounts for FY2021 (based on annualization of historical amounts for 11 months ended 30 November 2021) represented an increase of approximately 28% as compared to the historical amounts for FY2020, we are of the view that the expected increase of approximately 7.6% for FY2022 to be justifiable. Accordingly, we consider the proposed annual cap (i.e. the estimated amounts) for FY2022 to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As also advised by the Directors, they assumed that the estimated amounts for FY2023 and FY2024 will remain stable as compared to that for FY2022. As the estimated amounts for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors' assumption as aforementioned, we are of the view that the estimated amounts for FY2023 and FY2024 are justifiable. Accordingly, we consider the proposed annual caps (i.e. the estimated amounts) in respect of the utilities and consumables for FY2023 and FY2024 to be justifiable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2024, and they do not represent forecasts of cost to be generated from the Services Transactions. Consequently, we express no opinion as to how closely the cost to be generated from the transactions contemplated under the Services Transactions will correspond with the proposed annual caps.

LISTING RULES IMPLICATIONS

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Non-Exempt Continuing Connected Transactions must be restricted by respective proposed annual caps; (ii) the terms of the of the Non-Exempt Continuing Connected Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Non-Exempt Continuing Connected Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Non-Exempt Continuing Connected Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Company if the transactions involve the provision of goods or services by the Company; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the annual caps.

In the event that the total amounts of the transactions contemplated under the Non-Exempt Continuing Connected Transactions are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Non-Exempt Continuing Connected Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Non-Exempt Continuing Connected Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into account that above factors and reasons, we are of the opinion that (i) the terms of the Non-Exempt Continuing Connected Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Non-Exempt Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the Non-Exempt Continuing Connected Transactions and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For the identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. MATERIAL ADVERSE CHANGE

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

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 of the Listing Rules.

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

4. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, each of the following Directors and Supervisors is a director, supervisor or employee of the following companies, which have interests or short positions in the Shares and underlying Shares of equity derivatives or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

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

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 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

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

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:

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

- (b) As at the Latest Practicable Date, Gram Capital 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) Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and opinion dated 15 January 2022 and reference to its name in the form and context in which they appear.
- (d) The letter and recommendation given by Gram Capital are given as at the date of this circular for incorporation herein.
- (e) As at the Latest Practicable Date, Gram Capital has no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up.

9. DOCUMENTS ON DISPLAY

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

- (a) the Property Lease (Procurement) Framework Agreement 2022; and
- (b) the General Service (Procurement) Framework Agreement 2022.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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

(Stock Code: 6117)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“EGM”) of Rizhao Port Jurong Co., Ltd. (the “**Company**”) will be held at 10:00 a.m. on Monday, 31 January 2022 at the Office Building of Rizhao Port Jurong Co., Ltd. for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 15 January 2022 in relation to the EGM:

ORDINARY RESOLUTIONS

1. To consider and approve the Property Lease (Procurement) Framework Agreement 2022, the relevant Proposed Annual Caps and the transactions contemplated thereunder.
2. To consider and approve the General Service (Procurement) Framework Agreement 2022, the relevant Proposed Annual Caps and the transactions contemplated thereunder.

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

Rizhao, PRC, 15 January 2022

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. All votes of resolutions at the EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rzportjorong.com) in accordance with the Listing Rules.
2. The record date for determining the entitlement of members of the Company to attend and vote at the EGM is fixed at the close of business on Friday, 28 January 2022. In order to qualify for the entitlement to attend and vote at the EGM, all documents for the transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 28 January 2022.
3. Any shareholders entitled to attend and vote at the EGM can appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a shareholder.
4. The instrument appointing a proxy shall be in writing under the hand of the shareholder or of his/her attorney duly authorised in writing or, if the shareholder is a corporation, either under its common seal or under the hand of its directors or an attorney duly authorised in writing to sign the same. If that instrument is signed by an attorney of the shareholder, the power of attorney authorising the attorney to sign, or other authorisation documents shall be notarised. The aforementioned documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the office of the Board at South End, Haibin 5th Road, Rizhao City, Shandong Province, the PRC (for holders of Domestic Shares) not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. If a proxy attends the EGM on behalf of a Shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her legal representative, which specifies the date of its issuance. If a representative of a corporate Shareholder attends the EGM, such representative shall produce his/her identification document and the notarised copy of the resolution passed by the board of directors or other authority or other notarised copy of any authorisation documents issued by such corporate Shareholder.
6. The contact of the Company:

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