

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Stock Code: 6117)

CONNECTED TRANSACTION

PHASE TWO BULK GRAIN SILO RECONSTRUCTION PROJECT

On 9 September 2019 (after trading hours), the Company issued the Bid Winning Notice to Shandong Gangwan to confirm that Shandong Gangwan has successfully won the bid of the Tender for the phase two of the reconstruction of the bulk grain silos located at the west operation zone of Shijiu port area, Rizhao port for loading and unloading of maize at a consideration of RMB27,794,641.

Within 30 days after the issuance of the Bid Winning Notice, the Company shall enter into the MEC General Agreement with Shandong Gangwan to engage Shandong Gangwan as the general contractor for the Project.

LISTING RULES IMPLICATIONS

Shandong Gangwan is wholly-owned by Rizhao Port Group, a controlling shareholder of the Company, and hence is an associate of Rizhao Port Group and a connected person of the Company under the Listing Rules. Therefore, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest of all applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

On 9 September 2019 (after trading hours), the Company issued the Bid Winning Notice to Shandong Gangwan to confirm that Shandong Gangwan has successfully won the bid of the Tender. Within 30 days after the issuance of the Bid Winning Notice, the Company shall enter into the MEC General Agreement with Shandong Gangwan to engage Shandong Gangwan as the general contractor for the Project.

The principal terms of the Tender are set out below:

Date of Acceptance of the Tender:

9 September 2019 (after trading hours)

Parties:

- (1) the Company; and
- (2) Shandong Gangwan, a direct wholly-owned subsidiary of Rizhao Port Group, the controlling shareholder of the Company, and a connected person of the Company.

Project Site

West operation zone, Shijiu port area, Rizhao port

Subject Matter

Shandong Gangwan shall be engaged by the Company as the general contractor for the Project and Shandong Gangwan shall be responsible for:

- (a) the design, manufacturing, assembling, transport, insurance, delivery, storage, installation, inspection, commissioning and examinations of all the systems and equipment in relation to the Project;
- (b) the manufacturing, transport, insurance, delivery, storage, installation, painting, inspection and onsite services in relation to the steel structures for the normal operation of systems and ancillary equipment in relation to the Project and for the daily safety production, inspection, maintenance conducted by employees of the Company;
- (c) the procurement and construction of all civil engineering works involved in the Project;
- (d) the reconstruction and demolition of existing bulk grain and dried tapioca systems (such as structures, equipment, systems, pipelines and cable tray);
- (e) the training of operating personnel, onsite services, after sale services and other necessary technical services;
- (f) completing all the procedures in relation to inspection, certification and testing of systems and equipment required by relevant government authorities; and
- (g) assisting the Company to comply with the acceptance and examination requirements of relevant government authorities.

Project Schedule

The duration of the Project shall be within 120 days after the signing of the MEC General Agreement for delivery and utilisation.

Basis of Consideration

The Consideration is RMB27,794,641, which was determined through a tender process with due regard to contractor's tender price, financial situation, service quality, production and supply capacity, reputation and track record.

Payment Terms

The Consideration shall be paid by the Company to Shandong Gangwan in the following manner:

First instalment	10% of the Consideration, which shall be paid within 30 days after the MEC General Agreement is signed.
Second instalment	20% of the Consideration, which shall be paid when the unloading equipment achieved 50% of the Project progress.
Third instalment	30% of the Consideration, which shall be paid within 20 days after the steel structures are substantially available for equipment installation and the main equipment (including semi-air cushion belt conveyor, curved scraper conveyor, dust suppression hopper, silo buttress folding board, dust collector, electronic belt scale and gate valve) is delivered.
Fourth instalment	37% of the Consideration, which shall be paid within 30 days after completion certificate (驗收合格證書) is signed between the Company and Shandong Gangwan.
Fifth instalment	3% of the Consideration, which shall be paid within 30 days after the expiration of the warranty period of two years.

The Consideration shall be funded by the Company's internal resources.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company is principally engaged in comprehensive port-related services, including stevedoring, berth leasing, port management, storage, and logistics agency services. As at the date of this announcement, there are three imported cargo types that exceed a million tonnes per year, namely, soybeans, woodchips and dried tapioca.

In order to meet the increasing market demand for maize, the Company plans to conduct adaptive reconstruction of the phase two bulk grain silos to achieve the loading and unloading of maize from the West-2 berth and West-3 berth to the phase two bulk grain silos. Upon the completion of the Project, each silo could independently deliver maize to cargo owners, and hence, the utilization rate of silos and the capacity of maize loading and unloading could be enhanced.

The terms of the Transaction have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the Transaction is fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and its Shareholders as a whole.

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

PARTICULARS 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.

Shandong Gangwan, a company established in the PRC with limited liability, is principally engaged in construction projects, port and channel construction, municipal public utilities construction, steel structures construction as well as mechanical and electrical construction businesses.

LISTING RULES IMPLICATIONS

Shandong Gangwan is wholly-owned by Rizhao Port Group, a controlling shareholder of the Company, and is hence an associate of Rizhao Port Group and a connected person of the Company under the Listing Rules. Therefore, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest of all applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bid Winning Notice”	the bid winning notice issued by the Company to Shandong Gangwan on 9 September 2019 confirming the successful bidding of the Tender for the Project by Shandong Gangwan
“Board”	the board of Directors of the Company
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB27,794,641, being the total consideration payable by the Company for the engagement of Shandong Gangwan as the general contractor of the Project
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under PRC laws
“H Share(s)”	Overseas listed shares in the share capital of the Company with a nominal value of RMB1.00 each in the share capital of the Company, listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“MEC General Agreement”	the MEC general agreement to be entered into between the Company and Shandong Gangwan in relation to the Project
“PRC”	for the purposes of this announcement, the People’s Republic of China, other than the regions of Hong Kong, Macau and Taiwan
“Project”	phase two of the reconstruction of the bulk grain silos located at the west operation zone of Shijiu port area, Rizhao port for loading and unloading of maize as contemplated under the Tender
“Rizhao Port Group”	Rizhao Port Group Co., Ltd. (日照港集團有限公司), a company incorporated in PRC with limited liability which is wholly-owned by Rizhao Municipal People’s Government, the controlling shareholder of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Gangwan”	Shandong Gangwan Construction Group Co., Ltd. (山東港灣建設集團有限公司), a company established in the PRC with limited liability and a connected person of the Company
“Share(s)”	share(s) of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tender”	the public tender conducted by the Company for the engagement of a general contractor for the Project

“Transaction”

the transactions in relation to the engagement of Shandong Gangwan as the general contractor of the Project as contemplated under the Tender

By Order of the Board
Rizhao Port Jurong Co., Ltd.
Zhang Baohua
Chairman

Rizhao, PRC, 9 September 2019

As at the date of this announcement, the Board comprises Mr. Zhang Baohua as Chairman and non-executive Director; Mr. He Zhaodi as executive Director; Mr. Ng Chee Keong, Mr. Ooi Boon Hoe, Mr. Shi Ruxin and Mr. Jiang Zidan as non-executive Directors; and Mr. Zhang Zixue, Mr. Lau Wai Leung Anders and Mr. Wu Xibin as independent non-executive Directors.