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

**(Stock Code: 6117)**

## **CONNECTED TRANSACTION SUPERVISION CONTRACT**

On 29 December 2022 (after trading hours), the Company entered into the Supervision Contract with Rizhao Port Supervision (as the leading party to the Consortium) and Shandong Gangtong (as the member to the Consortium), pursuant to which the Company agreed to engage the Consortium to provide construction supervision services for the Rizhao Port Grain Base Project.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) Rizhao Port Supervision is a wholly-owned subsidiary of Rizhao Port Group, which is in turn wholly-owned by Shandong Port Group; and (ii) each of Rizhao Port Group and Shandong Port Group is a controlling shareholder of the Company. Accordingly, Rizhao Port Supervision is an associate of each of Rizhao Port Group and Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules.

Since (i) the nature of services under the Previous Transaction and the transactions contemplated under the Supervision Contract is the same and (ii) both transactions were entered into by the Company with Rizhao Port Supervision, the Previous Transaction and the transactions contemplated under the Supervision Contract shall be aggregated in accordance with Rules 14A.82(1) and 14A.83 of the Listing Rules for the purpose of calculating the applicable ratios under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Supervision Contract, when aggregated with the Previous Transaction, is more than 0.1% but less than 5%, the entering into of the Supervision Contract and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

## **SUPERVISION CONTRACT**

On 29 December 2022 (after trading hours), the Company entered into the Supervision Contract with Rizhao Port Supervision (as the leading party to the Consortium) and Shandong Gangtong (as the member to the Consortium), pursuant to which the Company agreed to engage the Consortium to provide construction supervision services for the Rizhao Port Grain Base Project. The principal terms of the Supervision Contract are set out as follows:

**Date:** 29 December 2022

**Parties:**

- (a) the Company, as the principal; and
- (b) Rizhao Port Supervision (as the leading party to the Consortium) and Shandong Gangtong (as the member to the Consortium), as the supervisor.

**Consortium:** The parties to the Consortium, namely Rizhao Port Supervision and Shandong Gangtong, shall be jointly and severally liable for the performance of the obligations under the Supervision Contract. Rizhao Port Supervision, as the leading party to the Consortium, is responsible for liaising with and taking instructions from the Company and coordinating Shandong Gangtong, as the member to the Consortium, to perform the obligations under the Supervision Contract.

**Scope of service:** The Consortium is responsible for providing consulting services during the tender period of the Rizhao Port Grain Base Project and supervising works to be carried out for the Rizhao Port Grain Base Project, including quality control, investment control, progress control, contract and information management, safety production management, civilised construction, environmental protection and supervision, occupational health and coordination of parties related to construction during the construction phase.

During the defects liability period, the Consortium is responsible for checking and recording engineering quality defects, investigating and analysing the causes of defects and determining the attribution of liability, reviewing the repair plan, supervising the repair process and reviewing the repair cost.

**Service period:** 42 months, which consists of 18 months of construction phase (including construction preparation and completion acceptance) and 24 months of defects liability period.

**Defects liability period:** 24 months after completion acceptance of the Rizhao Port Grain Base Project.

**Contract price:** The contract price of RMB7,700,000 consists of (a) RMB7,469,000 for the services provided during the construction phase; and (b) RMB231,000 for the services provided during the defects liability period.

The contract price was the successful tender price offered by the Consortium in the public tender. The Company engaged Shandong Port Group Tender and Procurement Center to organise the bidding for the supervision of the Rizhao Port Grain Base Project. The Company received bids from the Consortium and two independent third parties from the tender process. After a comprehensive assessment of the tenders and provided that the contract price offered by the Consortium represented the lowest bid as compared to the other two tenderers, the Supervision Contract was awarded to the Consortium.

**Payment terms:**

The contract price shall be paid in the following manner:

- (a) up to 80% of the contract price to be paid before the 20th day of every month based on the monthly project progress and actual amount of the construction work completed;
- (b) up to 97% of the contract price to be paid within 60 working days after the issuance of value-added tax invoice, which shall be issued within 30 working days after completion acceptance of the Rizhao Port Grain Base Project and submission of supervision documents;
- (c) the remaining 3% of the contract price to be paid within 60 working days after the expiry of defects liability period.

The contract price will be funded by internal resources of the Company.

**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 Supervision, a company incorporated in the PRC with limited liability, is principally engaged in water transportation engineering supervision, housing construction engineering supervision, municipal utility engineering supervision, electromechanical installation engineering supervision, chemical and petroleum engineering supervision; bidding agency; consultation of engineering cost; consultation of engineering information; construction project management; and engineering consulting services throughout the entire process.

As at the date of this announcement, Rizhao Port Supervision is a wholly-owned subsidiary of Shandong Port Group, which is a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission.

Shandong Gangtong, a company incorporated in the PRC with limited liability, has the corresponding qualifications in engineering consulting, engineering design, bidding agency, cost consulting, project management, construction supervision, operation and maintenance consulting, surveying and mapping, foreign contracting and other aspects, and has basically formed a business product system covering the whole life cycle of projects, including the planning and project initiation stage, design stage, construction stage, operation and maintenance stage, which can provide clients with single and

combined business services throughout the life cycle of the project. In recent years, the company has also actively promoted the cross-fields combined business service models including EPC (design-procurement-construction) and DB (design-build).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the largest shareholder and ultimate beneficial owner of Shandong Gangtong is Mr. Deng Weidong (鄧衛東); and both Shandong Gangtong and its ultimate beneficial owner are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPERVISION CONTRACT**

In order to consolidate and improve the Company's position as the grain transfer, collection and distribution center among the national coastal ports in the PRC, the Company implements the Rizhao Port Grain Base Project expected to be completed and put into use in June 2024. The construction of 41 silos and reconstruction of pier under the Rizhao Port Grain Base Project will enable the Company to improve its grain storage and stevedoring capacity and berth unloading efficiency, such that the increasing demand for grain stevedoring arising from the increase in grain throughput of the Company can be satisfied. And the Company intends to enter into the Supervision Contract because all parties to the Consortium have rich experience in supervision and construction, and have undertaken numerous project supervision and construction work in Shijiu port area, which can ensure the safe and smooth implementation of the Rizhao Port Grain Base Project.

The terms of the Supervision Contract have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the Supervision Contract and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

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

## **LISTING RULES IMPLICATIONS**

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## **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
“Board”	the board of Directors
“Company”	Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6117)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consortium”	a consortium collectively formed by Rizhao Port Supervision (as the leading party to the Consortium) and Shandong Gangtong
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party not connected with the Company, its directors, chief executives and substantial shareholders and any of its associates within the meaning of the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Previous Transaction”	the previous transaction with a consideration of RMB880,000 under the supervision contract entered into by the Company with Rizhao Port Supervision on 22 June 2022 in respect of the construction project of two warehouses and ancillary infrastructure at Shijiu port area in Rizhao port, which fell within the de minimis threshold under Rule 14A.76 of the Listing Rules
“Rizhao Port Grain Base Project”	the construction project of building 41 silos for storing grains, reconstructing the pier and building ancillary infrastructure at Shijiu port area in Rizhao port
“Rizhao Port Group”	Shandong Port Rizhao Port Group Co., Ltd. (山東港口日照港集團有限公司), a company incorporated in the PRC with limited liability and a controlling shareholder of the Company
“Rizhao Port Supervision”	Rizhao Port Construction and Supervision Co., Ltd.* (日照港建設監理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Rizhao Port Group and Shandong Port Group
“RMB”	Renminbi, the lawful currency of the PRC

“Shandong Gangtong”	Shandong Gangtong Engineering Management Consulting Co., Ltd.* (山東港通工程管理諮詢有限公司), a company incorporated in the PRC with limited liability
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company incorporated in the PRC with limited liability and a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission
“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
“Supervision Contract”	the supervision contract dated 29 December 2022 entered into between the Company, Rizhao Port Supervision (as the leading party to the Consortium) and Shandong Gangtong (as the member to the Consortium)

\* *Unofficial English translation denotes for identification purposes only*

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

Rizhao, PRC, 29 December 2022

*As at the date of this announcement, the Board comprises Mr. Cui Liang as Chairman and non-executive Director; Mr. Zhang Feng as executive Director; Mr. Terence Seow, Mr. Francis Nyan, Mr. Fang Lei and Mr. Chen Lei as non-executive Directors; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as independent non-executive Directors.*